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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 17, 2001

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC010122

Ex Parte: In the matter of
updating certain regulations
relating to telecommunications

FINAL ORDER

On June 26, 2001, the State Corporation Commission ("Commission") issued an Order for Notice and Comment or Requests for Hearing in the above-captioned matter stating that we had determined that certain of our regulations relating to telecommunications required amendment or repeal to: (1) bring the regulations into conformance with the requirements of the Virginia Code Commission's Virginia Register Form, Style and Procedure Manual; (2) reflect changes in the Code of Virginia ("Code") enacted by the General Assembly, orders subsequently issued by the Commission, or changes in federal law; (3) eliminate certain existing regulations that need not be codified in the Virginia Administrative Code ("VAC"); and (4) make any necessary clarifications that are not substantive in nature.

Interested persons were given the opportunity to comment or request a hearing on the proposed regulations. Verizon Virginia

Inc. and Verizon South Inc. (jointly "Verizon"), Cox Virginia Telecom, Inc. ("Cox"), and the Virginia Cable Telecommunications Association ("VCTA") submitted comments. No party requested a hearing.

NOW UPON CONSIDERATION of the comments filed herein, the Commission is of the opinion and finds that we should revise the proposed regulations as described below, adopt such regulations appended to this Order as Attachment 1 as final rules, and cause this Order and the final regulations to be published in the Virginia Register of Regulations.

We revise the following proposed regulations to correct grammatical errors, to correct omissions or other editorial mistakes made in drafting the proposed rules, or to clarify the existing rules without changing substance: 20 VAC 5-401-10, 20 VAC 5-401-20 B, 20 VAC 5-401-30 B, 20 VAC 5-401-40 C and D, and 20 VAC 5-401-50 A and C of the Rules Governing the Provision of Network Interface Devices, 20 VAC 5-401-10 et seq. (currently codified as 20-VAC 5-400-20); 20 VAC 5-403-50 D 1 and 20 VAC 5-403-70 of the Rules Governing Small Investor-Owned Telephone Utilities, 20 VAC 5-403-10 et seq. (currently 20 VAC 5-400-30); 20 VAC 5-411-50 A of the Rules Governing the Certification of Interexchange Carriers, 20 5-411-10 et seq. (currently 20 VAC 5-400-60); 20 VAC 5-413-10 of the Rules Governing Disconnection of Local Exchange Telephone Service, 20 VAC 5-413-10 et seq.

(currently 20 VAC 5-400-151); 20 VAC 5-415-20 B of the Rules Governing Telecommunications Relay Service, 20 VAC 5-415-10 et seq. (currently 20 VAC 5-440-170); and 20 VAC 5-421-20 B of the Rules Governing Exemption from Providing Physical Collocation, 20 VAC 5-421-10 et seq. (currently 20 VAC 5-400-200 B).

We do not adopt or address the merits of the remaining suggested substantive revisions from the parties as those revisions go beyond the scope of this case. However, we find it necessary to address the comments offered by Cox and VCTA regarding the applicability to competitive local exchange carriers ("CLECs") of the amendments being made in this proceeding to rules adopted prior to 1995. These parties argue that, since such rules were promulgated before there were CLECs, the rules do not apply to CLECs unless expressly incorporated by reference in the Rules Governing the Offering of Competitive Local Exchange Telephone Service, 5 VAC 2-400-180 ("Local Rules"). Cox and VCTA express concern that, since the rules are being amended post-1995, it may be construed that these amended rules would now apply not just to incumbent local exchange carriers ("ILECs"), but also to CLECs, and that this may be impractical or inappropriate.

The Commission finds no support for the position that rules promulgated prior to 1995, unless expressly identified in the Local Rules, are inapplicable to CLECs, and so rejects it. When

we grant a certificate to a CLEC, we require the CLEC to comply with the Local Rules, § 56-265.4:4 of the Code, and any other conditions that may be contained within our order approving certification. These requirements were never intended to be an exhaustive list of provisions of the Code and the VAC with which a CLEC must also comply.

In this proceeding, we are adopting simple housekeeping changes and will not address substantive issues that are outside the scope of this proceeding. If the parties have concerns regarding compliance with certain rules promulgated by this Commission and codified in the VAC, the parties may petition for appropriate relief in a separate matter.

Accordingly, IT IS ORDERED THAT:

(1) We hereby adopt as final the regulations appended hereto as Attachment 1.

(2) A copy of this Order and the rules adopted herein shall be forwarded promptly to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

COMMUNICATIONS REGULATIONS

The following lists the communications regulations amended or repealed in the order in which they currently appear in the Virginia Administrative Code.

- **20 VAC 5-400-10** **Repeal**

- **20 VAC 5-400-20** **Amend**

Chapter 401	Rules Governing the Provision of Network Interface Devices
20 VAC 5-401-10	Definitions and applicability
20 VAC 5-401-20	Simple one- or two-line installations in single or duplex residence or business structures
20 VAC 5-401-30	Simple one- and two-line residence and business installations in multi-story or multi-occupancy buildings, campuses, malls, etc.
20 VAC 5-401-40	Simple one- and two-line residence and business installations
20 VAC 5-401-50	Termination of all telephone company network facilities in all new multi-story, multi-occupancy buildings, campuses, malls, etc. that began construction after May 1, 1986

- **20 VAC 5-400-30** **Amend**

Chapter 403	Rules Governing Small Investor-Owned Telephone Utilities
20 VAC 5-403-10	Applicability
20 VAC 5-403-20	Timing of filing of tariff changes
20 VAC 5-403-30	Notice
20 VAC 5-403-40	State Corporation Commission action
20 VAC 5-403-50	Contents of application for a rate increase by a company having more than \$3 million in gross annual operating revenue, or which is a subsidiary of a telecommunications company
20 VAC 5-403-60	Contents of an application for a rate increase by a small telephone company having less than \$3 million in gross annual operating revenues and which is not a subsidiary of a telecommunications company
20 VAC 5-403-70	Exemptions

- **20 VAC 5-400-40** **Amend**

Chapter 409	Rules Governing the Sharing or Resale of Local Exchange Service (Shared Tenant Service)
20 VAC 5-409-10	Shared tenant service permissible
20 VAC 5-409-20	Applicability
20 VAC 5-409-30	Waiver of requirements
20 VAC 5-409-40	Local exchange carrier obligations

20 VAC 5-409-50	Shared tenant service provider obligations
20 VAC 5-409-60	Right to request and right to serve
20 VAC 5-409-70	Rates and charges

- **20 VAC 5-400-50** **Repeal**

- **20 VAC 5-400-60** **Amend**

Chapter 411	Rules Governing the Certification of Interexchange Carriers
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20 VAC 5-411-10	Filing of application
20 VAC 5-411-20	Notice of application
20 VAC 5-411-30	Application requirements
20 VAC 5-411-40	Abandonment of discontinuation of service
20 VAC 5-411-50	Reports to State Corporation Commission
20 VAC 5-411-60	Suspension or revocation of certificate
20 VAC 5-411-70	State Corporation Commission authority to set rates
20 VAC 5-411-80	Proposed rate increases
20 VAC 5-411-90	Exclusion

- **20 VAC 5-400-100** **Repeal**

- **20 VAC 5-400-110** **Repeal**

- **20 VAC 5-400-120** **Repeal**

- **20 VAC 5-400-130** **Repeal**

- **20 VAC 5-400-140** **Repeal**

- **20 VAC 5-400-150** **Repeal**

- **20 VAC 5-400-151** **Amend**

Chapter 413	Rules Governing Disconnection of Local Exchange Telephone Service
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20 VAC 5-413-10	Disconnection for failure to pay
20 VAC 5-413-20	Notice
20 VAC 5-413-30	Access to other interexchange carriers
20 VAC 5-413-40	Payment credit

- **20 VAC 5-400-160** **Repeal**

- **20 VAC 5-400-170** **Amend**

Chapter 415

20 VAC 5-415-10

20 VAC 5-415-20

Rules Governing Telecommunications Relay Service

Applicability

Imposition and collection of surcharge

- **20 VAC 5-400-190**

Amend

Chapter 419

20 VAC 5-419-10

20 VAC 5-419-20

20 VAC 5-419-30

20 VAC 5-419-40

Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, 47 USC §§ 251 and 252

General procedure

Agreements arrived at through negotiation

Agreements arrived at through compulsory arbitration

Statement of generally available terms

- **20 VAC 5-400-200**

Amend

Chapter 421

20 VAC 5-421-10

20 VAC 5-421-20

Rules Governing Exemption from Providing Physical Collocation Pursuant to § 251(C)(6) of the Telecommunications Act of 1996

Procedure; exemption request

Contents of exemption request

CHAPTER 400.
TELECOMMUNICATIONS.

~~20 VAC 5-400-10. Regulation governing telephone cooperative rate applications.~~

~~A. Telephone cooperatives subject to regulation by the State Corporation Commission shall file all tariffs stating a change in their rates, tolls, charges, or rules and regulations of service with the Division of Communications of the State Corporation Commission in advance of the notice to the public required in subsection B below.~~

~~B. Telephone cooperatives subject to regulation by the State Corporation Commission shall complete notice to the public 30 days prior to the effective date of changes in the telephone cooperatives' rates, tolls, charges, or rules and regulation of service. The telephone cooperatives' notice to the public shall at a minimum use the following format to the extent applicable:~~

~~NOTICE TO THE PUBLIC OF (INCREASES IN, CHANGES IN) (RATES, TOLLS, CHARGES, RULES AND REGULATIONS OF SERVICE) OF (INSERT NAME OF COOPERATIVE)~~

~~(Insert name of cooperative) seeks to change its (rates, tolls, charges) on file with the State Corporation Commission, effective for service rendered on and after (effective date). As a result of this change, (insert name of cooperative) expects its (rates, tolls, charges) to produce an additional _____ in gross annual revenues, representing an increase of _____% in total revenues.~~

~~(If applicable) The cooperative also proposes to change the following portions of its rules and regulations of service.~~

~~(Summarize changes).~~

~~An interested party may review (Insert name of cooperative)'s proposed changes during regular business hours at any cooperative office where consumer bills may be paid and at the Commission's Division of Communications located on the 9th Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia.~~

~~Any interested party may file written comments in support of or objecting to the proposed changes with the Division of Communications, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Such comments must be filed with the Division of Communications on or before (Name date 10 days before the effective date of tariff, year).~~

~~(NAME OF TELEPHONE COOPERATIVE)~~

~~Telephone cooperatives shall mail the foregoing notice to any person subject to the change of rate, toll, charge, rule and regulation, including other common carriers utilizing the Cooperatives' facilities when proposed changes directly affect other common carriers.~~

~~C.—— If the Commission receives protests or objections filed by or on behalf of 20 or more persons subject to any cooperative's schedules stating a change of rate, toll, charge, rules and regulations, it may suspend the enforcement of any or all of the proposed rates, tolls, charges, rules and regulations for a period not exceeding 150 days from the date of filing. Notice of the suspension shall be given by Commission order to the telephone cooperative prior to the expiration of the 30 days' notice to the public.~~

~~D.—— If the Commission receives 20 or more protests or objections to the changes of a rate, toll, charge, rules and regulation, which is filed by or on behalf of 20 or more persons subject to same, an order will be issued by the Commission setting a date by which the cooperative shall file an application which shall contain the information set forth in subsection E below.~~

~~E.—— An application by a telephone cooperative for a rate increase filed pursuant to subsection D hereof shall include:~~

~~1.—— The name and post office address of the applicant and the name and post office address of its counsel (if any).~~

~~2.—— A clear description of the proposed tariff changes, and an explanation of why the changes were made as well as the revenue impact, if any, of these changes.~~

~~3.—— All direct testimony by which the applicant expects to support the proposed tariff changes. In lieu of prefiling direct testimony, the cooperative may submit an affidavit which certifies that the information in the application is correct and that the cooperative adopts the information contained in the schedules as its evidence in support of the application.~~

~~4.—— Exhibits consisting of Schedules 1 through 14 shall be submitted with the cooperative's direct testimony or affidavit adopting the information contained in the schedules.~~

~~5.—— Exhibits consisting of additional schedules may be submitted with the cooperative's direct testimony. Such schedules shall be identified as Schedule 15 et seq.~~

~~6.—— All applications shall be filed in the original and 15 copies with the exception of Schedule 11. Two copies of Schedule 11 shall be filed directly with the Commission's Division of Public Utility Accounting. Additional copies of Schedule 11 shall be~~

~~made available to other parties upon request. An application shall not be deemed filed unless all information required by the rules and accompanying schedules are filed in conformity with the rules and schedule instructions.~~

~~7. The selection of a test period is up to the applicant. However, the use of overlapping test periods will not be allowed.~~

~~8. The cooperative shall serve a copy of the information required in this subsection E, subdivisions 1 through 3 upon the Commonwealth's Attorney and Chairman of the Board of Supervisors of each county (or equivalent officials in the counties having alternate forms of government) in this State affected by the proposed change and upon the mayor or manager and the attorney of every city and town (or on equivalent officials in towns and cities having alternate forms of government) in this Commonwealth affected by the proposed change. The cooperative shall also serve each such official with a statement that a copy of the complete application may be obtained at no cost by making a request therefor orally or in writing to a specified cooperative officer or location. In addition, the cooperative shall serve a copy of its complete application upon the Division of Consumer Counsel, Office of the Attorney General of Virginia. All such service specified by this section shall be made either by (i) personal delivery or (ii) by first class mail, to the customary place of business or the residence of the person served.~~

~~F. Telephone cooperatives shall maintain their books in accordance with the Uniform System of Accounts, and shall file an annual operating report with the State Corporation Commission using the Schedules in Appendix A.~~

~~APPENDIX A. Schedule 1 Cooperative Financial Performance Profile~~

~~Instructions: This schedule should be prepared using the definitions set out below and the format of the attached schedule. It should provide data for the test year. The information should be compatible with the telephone cooperative's Annual State Corporation Commission Operating Report.~~

~~Definitions~~

~~A. TIER = Total Margins or Net Income + Interest on Long Term Debt~~

~~Interest on Long Term Debt~~

~~B. Rate of Return on Rate Base = Net Operating Margins or Net~~

~~Operating Income~~

~~Rate Base~~

~~C. Equity Ratio = Total Margins and Equities~~

~~Total Capitalization~~

~~D. Return on Year End Equity = Total Margins or Net Income~~

~~Total Margins and Equities~~

~~E. Debt Service Coverage = Depreciation and Amortization Expense + Interest~~

~~Expense + Total Margins or Net Income~~

Total Principal and Interest Payments

F. Capital Credit Rotation = Annual Capital Credit Dollars Returned to members

(Estates and General Retirements

Total Margins + Equities

G. Cash Flow Generated = Total Margins or Net Income + Depreciation and

Amortization Expense Noncash Interest Income

Total Principal and Interest Payments Capital

Credits Rotated

H. Cash Flow Coverage of

Construction Expenditures = Cash Flow Generated

Construction Expenditures

Schedule 1

Cooperative Financial _____ Test

Performance Profile _____ Year

A. Ratios

1. TIER

2. DSC

3. Rate of Return

4. Equity Ratio

5. Return on Year End Equity

~~6. Capital Credit Rotation~~

~~7. Cash Flow Coverage of Construction Expenditures~~

~~B. Data for Coverage Ratios~~

~~1. Net Income~~

~~2. Interest on Long Term Debt~~

~~3. Other Interest~~

~~4. Total Interest~~

~~5. Net Income Before Interest on Long Term Debt~~

~~6. Depreciation~~

~~7. Total Principal Payments~~

~~8. Total Interest Payments~~

~~9. Total Principal and Interest Payments (Debt Service Requirements)~~

~~10. Net Income Before Depreciation and Interest~~

~~11. Amortization~~

~~12. Capital Credits Retired~~

~~13. Cash Flow Generated~~

~~14. Construction Expenditures~~

~~Schedule 2 Total Capitalization and Cost of Debt Statement~~

~~Instructions: This schedule shall show the amount of each capital component per balance sheet, the amount for ratemaking purposes, the percentage weight in the capital structure, the component cost and weighted capital cost, using the format of the attached schedule. This information shall be provided for the test period and the proforma period (the next 12 months~~

following the end of the test period). In Part A, the test period information should be compatible with the SCC Annual Operating Report. The methodology should be consistent with that approved in the Cooperative's last rate case. If the Cooperative wishes to use a different methodology, it may prepare an additional schedule labelled as Schedule 2(a) explaining the methodology used and justifying any departure from the Cooperative's last rate case.

The amounts and cost for short term debt shall be based on a 13 month average over the year, or preferably a daily average in the test year, if available. All other test period accounts are end of year. The weighted cost of capital equals the sum of the products of the capital structure weight times the component costs. Corporations should include schedules showing cost of capital calculations, including the cost of equity capital.

Schedule 2

Total Capitalization and Cost of Debt Statement

_____	Test	Proforma
_____	Year	Period

A. Capital Structures per Balance Sheet (\$)

- Short Term Debt
- Other Current Liabilities
- Long Term Debt REA
- Long Term Debt Other
- Cost Free Capital
- Total Margins & Equities
- Other Liabilities

~~—Total Capitalization~~

~~B. Capital Structure Approved for Ratemaking Purposes (\$)~~

~~—Short Term Debt~~

~~—Long Term Debt REA~~

~~—Long Term Debt Other~~

~~—Cost Free Capital~~

~~—Total Margins & Equities~~

~~—Total Capitalization~~

~~C. Capital Structure Weights for Ratemaking Purposes (%)~~

~~—Short Term Debt~~

~~—Long Term Debt REA~~

~~—Long Term Debt Other~~

~~—Cost Free Capital~~

~~—Total Margins & Equities~~

~~—Total Capitalization (100%)~~

~~D. Component Capital Cost Rates (%)~~

~~—Short Term Debt~~

~~—Long Term Debt REA~~

~~—Long Term Debt Other~~

~~—Cost Free Capital~~

~~—Total Margins & Equities~~

~~Overall Weighted Cost of Capital~~

~~Schedule 3 Schedule of Bonds, Mortgages, Other Long Term Debt, and Cost Free Capital~~

~~Instructions: Provide a description of each issue, amount outstanding, percentage of total capitalization, and annualized cost based on the embedded cost rate. This data shall support the debt cost contained in Schedule 2. Also, provide a detailed breakdown of all cost free capital items contained in Schedule 2.~~

~~Schedule 4 Schedule of All Short Term Debt~~

~~Instructions: Show monthly balances of all short term debt and the effective interest for the last thirteen months. This data should support the debt cost contained in Schedule 2.~~

~~Schedule 5 Comparative Balance Sheet~~

~~Instructions: Provide a comparative balance sheet for the test period and the corresponding twelve months period immediately preceding the test period.~~

~~Schedule 6 Comparative Income Statement~~

~~Instructions: Provide a comparative income statement covering the test period and the twelve month period immediately preceding the test period.~~

~~Schedule 7 Rate of Return Statement~~

~~Instructions: Column 1 should show the cooperative's per books results. Adjustments to the test period per books results should be shown in Column 2. If a calendar year test period is used, Column 1 can be prepared from information filed by applicant in its annual report to the Commission. If a calendar year test period is used, operating revenue line items can be found in Schedule 34 of the Annual Report. "Depreciation and Amortization" is set forth on Line 7 of Schedule 11 of the Annual Report. "Operating and Maintenance Expense" can be derived by subtracting from Line 62 of Schedule 35 (Total Operating Expense) of the Annual Report the~~

~~amount of depreciation shown on Line 7 of Schedule 11 of the Annual Report. Interest on customer deposits must be calculated from the applicant's books. Column 4 should reflect any new adjustments the cooperative is proposing which differ from the adjustments accepted by the Commission in the cooperative's last rate case. Column 6 should show the increase requested by the cooperative.~~

~~For Regulation governing telephone cooperative rate applications, see Virginia Administrative Code print product.~~

~~Schedule 8 Statement of Net Original Cost of Utility Plant and Allowances for Working Capital
for the Test Year~~

~~Instructions: This schedule should be constructed by using the ratemaking policies, procedures and guidelines last prescribed for the Cooperative by the Commission. The schedule should indicate all property held for future use by account number and the date of planned use should be shown. In a footnote, cooperatives should identify the amount of plant and working capital devoted to non-regulated business activities, if any. Such plant shall not be included in the rate base. Cooperatives should use the format prescribed below.~~

~~Columns (2) and (4) adjustments should be explained and detailed in Schedule 9.~~

_____ Net Original Cost of				
_____ Utility Plant and Allowances				
Total	Previously	Amounts After	New Proposed	Amounts After
_____	Approved	_____	_____	All
Per Books	Adjustments	Adjustments	Adjustments	Adjustments
Col. (1)	Col. (2)	Col. (3)	Col. (4)	Col. (5)

~~Telephone Plant~~

~~—in Service~~

~~Telephone Plant~~

~~—under Construction~~

~~Property held for~~

~~—Future Use~~

~~Gross Plant~~

~~—Less: Reserve for~~

~~—Depreciation~~

~~Net Telephone Plant~~

~~Allowance for Working Capital~~

~~Materials and Supplies~~

~~—(13 month average)~~

~~Cash (20 days of O & M~~

~~—expense)~~

~~Less: Customer Deposits~~

~~Total Working Capital~~

~~Rate Base~~

~~Schedule 9 Explanation of Adjustments to Books Amounts~~

~~Instructions: All ratemaking adjustments (accounting and going level) shall be fully explained in a supporting schedule to the rate of return statement. Such adjustments shall be numbered~~

~~sequentially, beginning with operating revenues. Supporting data for each adjustment, including the details of its calculation, should be provided. Categories of adjustments are:~~

- ~~a. Adjustments to annualize changes occurring during the test period.~~
- ~~b. Adjustments to reflect depreciation and property taxes based on end-of-period plant balances.~~
- ~~c. Adjustments to reflect known and certain wage agreements and payroll taxes occurring in the proforma period (the 12-month period following the test period).~~
- ~~d. Adjustments to reflect the rate-making treatment approved by the Commission to determine revenue requirements in telephone cooperative rate cases.~~
- ~~e. Adjustments to interest expense based on proforma capital structure and cost of debt capital shown on Schedule 2. Adjustments to interest expense shall be based on the proposed ratemaking capital structure.~~
- ~~f. Additional adjustments not presented to the Commission before, for known or anticipated changes occurring during the test year or proforma period.~~

~~These adjustments should appear in Column (4) of Schedule 7.~~

~~Schedule 10 Statement of Compliance~~

~~Instructions: Include a statement signed by the responsible individual that the rate of return statement complies with the instructions for Schedule 9. See compliance statement below:~~

~~Schedule 10 Compliance Statement~~

~~As _____ of _____ I affirm that all adjustments herein conform to the instructions established in the Commission's Rules for Telephone Cooperative Rate Applications and that the rate of return statement otherwise complies with the instructions for Schedule 9.~~

~~Schedule 11 Working Papers~~

~~Instructions: Provide detailed work papers and supporting schedules of all proposed adjustments. Two copies of said working papers shall be filed directly with the Commission's Division of Public Utility Accounting. Copies shall be provided to parties on request. Each schedule shall identify the sources of all data. Data shall be clearly identified as actual or estimated.~~

~~Schedule 12 Revenue and Expense~~

~~Instructions: A. The Cooperative shall provide information about revenues by primary account (consumer classification) and operating and maintenance expenses by primary account during the test period. This schedule shall also show sales volume by customer class for the test period. B. The Cooperative shall also provide a detailed explanation of all revenue and expense item increases or decreases of more than 10% during the test period compared to the 12 month period immediately preceding the test period. Worksheets used to compute the percentage change should be available for review upon request.~~

~~Schedule 13 Explanation of Proposed Revenue Requirement Calculation~~

~~Instruction: Provide a schedule describing the methodology used to determine the revenue requirement in Schedule 7, Column 7.~~

~~Schedule 14 Additional Revenue~~

~~Instructions: Show the calculations of the additional gross revenues and percentage increases by customer classes, that would be produced by the new rates during the test period.~~

CHAPTER 401.

RULES GOVERNING THE PROVISION OF NETWORK INTERFACE DEVICES.

~~20 VAC 5-400-20. Regulation governing the provision of network interface devices~~ 20 VAC 5-

401-10. Definitions and applicability.

~~A. The "network"~~ "Network termination interface" or "standard demarcation device," ~~hereinafter~~ referred to as a "network interface device" or "NID, ~~shall be defined as~~ "means a device which readily permits the disconnection of all Customer Premises Wiring, hereinafter referred to as "CPW," from the telephone company network and provides access to the telephone company network through an industry registered jack¹ of a type provided for in ~~FCC regulation 47 CFR~~ Part 68 for testing purposes.

~~B. New installations for telephone service using outside NIDs effective as of May 1, 1984. This chapter is applicable to all installations for telephone service on and after May 1, 1984[, which use outside NIDs].~~

~~Subdivisions 1 through 4 apply to simple~~ 20 VAC 5-401-20. Simple one- or two-line installations in single or duplex residence or business structures.

~~1A.~~ All wiring on the customer's premises that is connected to the telephone network shall connect to the telephone company network through the telephone company-provided NID.

~~2B.~~ Maintenance of the NID shall be the responsibility of the telephone company ~~[installing that installed]~~ the NID.

~~3C.~~ 1. The NID used for the termination of CPW shall be located outside the customer premises unless an outside location is impractical or the customer requests that it be located inside the premises.

2. When the NID is located inside the premises, it shall be located at a point closest to the protector that is convenient to the customer. Any additional cost associated with placing the NID inside when requested by the customer shall be at customer expense.

[4]D. The telephone company shall instruct the customer as to the location, purpose, and use of the NID.

~~Subdivisions 5 through 8 apply to simple~~ 20 VAC 5-401-30. Simple one_ and two_line installations in multi-story or multi-occupancy buildings, campuses, malls, etc.

5A. All wiring on the customer's premises that is connected to the telephone network shall connect to the telephone company network through the NID.

6B. Maintenance of the NID shall be the responsibility of the telephone company [installing that installed] the NID.

7C. 1. The NID shall be located at a point between the CPW and the telephone company network. This location may be the telephone equipment room, wiring closet, inside or outside the customer premises, or other designated location that is accessible to the customer.

2. If a customer requests that the NID be placed in a location which is other than that selected by the ~~Company~~ telephone company and which conforms to the criteria set out in this ~~rule~~ section, the customer must pay any additional expense associated with so placing the NID.

8D. The telephone company shall instruct the customer as to the location, purpose, and use of the NID.

~~Subdivisions 9 through 12 apply to simple~~ 20 VAC 5-401-40. Simple one- and two-line residence and business installations.

A. ~~These rules govern~~ This section governs when a NID is installed on visits to the customer premises for reasons other than the initial installation of telephone service by a network installer-repair person.

9B. A NID shall be installed on all maintenance visits to the customer premises by a network installer-repair person. The NID must be installed in a location accessible to the customer. The only exceptions to this ~~rule-section~~ are as follows:

a1. For residential customers who subscribe to an optional wire maintenance plan, ~~providing~~ provided all existing telephone sets are modular.

b2. For residential customers who subscribe to an optional wire maintenance plan with all or some hard-wired telephone sets, ~~providing~~ provided there is no maintenance visit charge for troubles located in hard-wired telephone sets.

c3. Where no access to ~~Company-the telephone company~~ station protector exists.

d4. Where excessive work load, including labor force shortage, excessive troubles, storms, strikes, emergencies, or acts of God would [not] make it ~~[not]~~ feasible for ~~Company-the telephone company~~ to immediately install a NID.

e5. A suitable NID is not available in the marketplace to accommodate the existing installation.

10C. It will be the ~~[telephone company's]~~ decision [of the telephone company installing the NID] whether to place the NID inside or outside the customer premises. This decision should

be the one that will best accommodate the installation of the NID at the least cost to ~~the~~that telephone company.

~~14D.~~ The maintenance of the NID shall be the responsibility of the telephone company [that installed the NID].

~~12E.~~ If the customer requests that the NID be placed in a location other than the location selected by the telephone company ~~and which conforms to the criteria set out in this section~~, any additional cost to the telephone company will be at customer expense.

~~13F.~~ The telephone company shall instruct the customer as to the location, purpose, and use of the NID.

~~Subdivisions 14 through 16 apply to the termination~~ 20 VAC 5-401-50. Termination of all telephone company network facilities in all ~~[new]~~ multi-story, multi-occupancy buildings, campuses, malls, etc., ~~beginning construction after May 1, 1986.~~ [that began construction after May 1, 1986.]

A. ~~[Beginning construction~~ Construction] shall be deemed to ~~occur~~ have begun when the telephone companies ~~have~~ had initial contact with the architect ~~and/or~~ or owners ~~respecting a building~~, or both.

~~14B.~~ The telephone company network facilities will terminate inside the building at a point of minimum penetration to the building. This location will be arranged through the building owner or architect. Normally, this location will be the same location as the termination for riser, house, or building distribution cable.

~~15. The telephone company will not be responsible for the provision of telephone riser, house or building distribution cable as a regulated service. This section does not~~

~~restrict the telephone company from installing riser, house or building distribution cable under contract.~~

~~16C.~~ 1. The telephone company shall terminate [~~the~~its] telephone network facilities at an appropriate [~~telephone company provided~~] NID [installed by the telephone company].

2. The NID shall permit premises wiring to be readily connected or disconnected from the telephone company network facilities.

D. 1. The telephone company will not be responsible for the provision of telephone riser, house, or building distribution cable as a regulated service.

2. This section does not restrict the telephone company from installing riser, house, or building distribution cable under contract.

CHAPTER 403.

RULES GOVERNING SMALL INVESTOR-OWNED TELEPHONE UTILITIES.

~~20 VAC 5-400-30. Regulation governing small investor-owned telephone utilities.~~ 20 VAC 5-403-10. Applicability.

A. ~~The following regulation~~ This chapter applies to any small investor-owned public utility (other than a cooperative) ~~having a gross annual operating revenue not in excess of \$10 million and owning, managing or controlling plant or equipment or any part thereof within the Commonwealth for the conveyance of telephone messages, either directly or indirectly to or for the public~~ as defined by Chapter 19 (§ 56-531 et seq.) of Title 56 of the Code of Virginia. ~~Hereafter these~~ ~~[These companies~~ This company] shall be referred to as [a] "small telephone ~~[companies-company]~~" or "applicant."

B. ~~[Small-A small]~~ telephone ~~[companies-company]~~ should perform ~~[their-its]~~ own tariff justification analysis in-house prior to changing ~~[their]~~ rates, tolls, charges, fees, rules, or regulations, ~~(hereinafter~~ collectively referred to as "tariffs"). As a part of its in-house tariff justification, [a] small telephone ~~[companies-company]~~ should consider whether the tariff change is necessary and whether ~~such-the~~ change is dictated by the cost of providing the tariffed service. All tariff changes of [a] small telephone ~~[companies-company]~~ must be "just and reasonable" as that standard is defined in § 56-235.2 of the Code of Virginia.

C. This ~~section~~ chapter applies when any small telephone company subject to ~~the act~~ Chapter 19 (§ 56-531 et seq.) of Title 56 of the Code of Virginia changes any rate, toll, charge, fee, rule, or regulation applicable to any customer ~~(or customers)~~ and this change results in increased rates paid by that customer ~~(or customers)~~. Changes not increasing customer rates may be done in the traditional manner without application of this ~~section~~ chapter.

~~B.~~ 20 VAC 5-403-20. Timing of filing of tariff changes.

~~[Small-A small]~~ telephone ~~[companies-company]~~ shall file all changes in ~~[their-its]~~ tariffs with the Division of Communications of the State Corporation Commission at least 15 days in advance of the notice to the public required ~~in subsection C below~~ by 20 VAC 5-403-30.

~~C.~~ 20 VAC 5-403-30. Notice.

~~[Small-A small]~~ telephone companies shall complete notice to its customers 30 days prior to the effective date of changes in its tariffs. This notice shall at a minimum use the following format to the extent applicable:

NOTICE OF (INCREASES IN, CHANGES IN) RATES, TOLLS, CHARGES, RULES AND REGULATIONS OF SERVICE OF (INSERT NAME OF SMALL TELEPHONE COMPANY)

(Insert name of [small] telephone company) plans to change its (tariffs) on file with the State Corporation Commission, effective for service rendered on and after (effective date). As a result of this change, (insert name of [small] telephone company) expects its (tariffs) to produce an additional \$_____ in gross annual operating revenues, representing an increase of _____% in local operating revenues.

(If applicable) The telephone company also proposes to change the following portions of its rules and regulations of service: (Summarize changes).

Any interested party may review (insert name of small ~~[investor-owned]~~ telephone ~~[utility-company]~~) proposed changes during regular business hours at the telephone company office where consumer bills may be paid and at the ~~Commission's-commission's~~ Division of Communications located on the 9th Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any interested party may file written comments in support of or objecting to the proposed changes, or requests for hearing, with the Division of Communications, State Corporation Commission, ~~P.O. Box 1197, Richmond, Virginia 23218~~. Requests for hearing must state the reason for the request. Such comments or requests must be filed with the Division of Communications on or before (name date 10 days before the effective date of tariff).

(NAME OF SMALL TELEPHONE COMPANY)

~~[Small-A small]~~ telephone ~~[companies-company]~~ shall mail the foregoing notice to any customer subject to the tariff change, including other common carriers utilizing the utilities' facilities when the proposed changes directly affect other common carriers.

20 VAC 5-403-40. State Corporation Commission action.

DA. Whenever the lesser of 5.0% or 150 customers subject to a small ~~[investor-owned]~~ telephone ~~[utility's-company's]~~ tariffs file a protest or objection to any change in ~~any-a~~ schedule of that utility's tariffs, or if the ~~Commission-commission~~ acts on its own motion to investigate the utility's tariffs, the ~~Commission-commission~~ may suspend the enforcement of any or all of the proposed tariffs for a period not exceeding 150 days from the date of the filing of the revised tariff. Notice of the suspension shall be given by the ~~Commission-commission~~ to the small telephone company prior to the expiration of the 30 days' notice to the public.

EB. Whenever the lesser of 5.0% or 150 customers subject to a small ~~[investor-owned]~~ telephone ~~[utility's-company's]~~ tariffs file a protest or objection to any change in ~~any-a~~ schedule of that utility's tariffs, or if the ~~Commission-commission~~, acting on its own motion, determines to investigate the utility's change in a tariff, an order will be issued by the ~~Commission-commission~~ setting a date by which the ~~[small]~~ telephone ~~[utility-company]~~ shall

file an application which shall contain the information set forth in ~~subsections F or G below~~ 20 VAC 5-403-50 and 20 VAC 5-403-60, as applicable. This order shall also specify a filing schedule for applicant, protestants, and staff and shall establish a hearing date.

20 VAC 5-403-50. Contents of application for a rate increase by a company having more than \$3 million in gross annual operating revenue, or which is a subsidiary of a telecommunications company.

~~FA.~~ An application for a rate increase filed pursuant to ~~subsection E hereof this chapter~~ by a small telephone company, having more than \$3 million in gross annual operating revenue, or which is a subsidiary of a telecommunications company, ~~(a telecommunications company is~~ which means a corporation ~~[which that]~~ owns, manages, or controls any plant or equipment for the conveyance of voice or data messages, either directly or indirectly to or for the public), shall include:

1. The name and post office address of the applicant and the name and post office address of its counsel (if any);
2. A clear description of the proposed tariff changes, and a narrative explaining why an increase in rates is needed, as well as the overall percentage increase in rates proposed;
3. All direct testimony by which the applicant expects to support the rate increase. In lieu of prefiling direct testimony, the applicant may submit an affidavit which certifies that the information in the application is correct and that the applicant adopts the information contained in the schedules as its evidence in support of the application.

4. Exhibits consisting of Schedules 1 through 16 shown in the Appendix to ~~these rules—this chapter~~ shall be submitted with the applicant's direct testimony or affidavit adopting the information contained in the schedules.

5. Exhibits consisting of additional schedules may be submitted with the applicant's direct testimony. Such schedules shall be identified as Schedule 17 [~~et seq.~~]

~~6B.~~ All applications shall be filed in an original and 15 copies with the exception of Schedule 12. Two copies of Schedule 12 shall be filed directly with the ~~Commission's~~ ~~commission's~~ Division of Public Utility Accounting. Additional copies of Schedule 12 shall be made available to parties upon request. An application shall not be deemed filed with the ~~Commission—commission~~ for the purposes of §§ 56-238 and 56-240 of the Code of Virginia[~~7~~] unless all information required ~~by the rules and accompanying schedules are~~ ~~is~~ filed in conformity with ~~these rules and schedule instructions~~ ~~this chapter and accompanying schedules.~~

~~7C.~~ The selection of a test period is up to the applicant. However, the use of overlapping test periods shall not be permitted.

~~8D.~~ 1. The applicant shall serve a copy of the information required in subdivisions ~~F1-A1~~ and ~~F2-A2~~ of this section upon the Commonwealth's Attorney and Chairman of the Board of Supervisors of each county (or equivalent officials in counties having alternate forms of government) in this Commonwealth affected by the proposed rate increase and upon the mayor or manager and the attorney of every city and town (or on equivalent officials in towns and cities having alternate forms of government) in this Commonwealth affected by the proposed rate increase.

2. The applicant shall also serve each such official with a statement that a copy of the complete application may be obtained at no cost by making a request ~~therefor either~~ orally or in writing to a specified officer of ~~the~~ applicant.

~~In addition, applicant~~ 3. The applicant shall serve a copy of its complete application upon the Division of Consumer Counsel, Office of the Attorney General ~~of Virginia~~.

4. All service specified by this section shall be made either by (i) personal delivery, or (ii) by first-class mail, postage prepaid, to the customary place of business or the residence of the person served.

20 VAC 5-403-60. Contents of an application for a rate increase by a small telephone company having less than \$3 million in gross annual operating revenues and which is not a subsidiary of a telecommunications company.

~~G.A.~~ An application for a rate increase filed pursuant to ~~subsection E hereof this chapter~~ by a small telephone company[;] having less than \$3 million in gross annual operating revenues and which is not a subsidiary of a telecommunications company as that term is defined in ~~subsection F above~~ 20 VAC 5-403-50 A[;] need only file exhibits consisting of Schedules 1 - 4[;] and 7 - 16, shown in the Appendix to this ~~section~~chapter, but shall otherwise comply with the requirements of ~~subsection F~~20 VAC 5-403-50.

B. A company having less than \$3 million in gross annual operating revenue and which is not a subsidiary of a telecommunications company may use its ~~SCC~~State Corporation Commission Annual Operating Report filed with the ~~Commission~~commission as the data base for its Capital Structure and Cost of Capital Statement (Schedule 1). Schedules 9 and 10 for these

companies should reflect total company, per books amounts. Jurisdictional separations included in columns 2 and 3 of Schedules 9 and 10 are not required for these companies.

~~H.~~—20 VAC 5-403-70. Exemptions.

~~[Small investor owned—A small]~~ telephone ~~[companies—company]~~ subject to the Small Investor-Owned Telephone Utility Act, (§ 56-531 ~~[et seq.]~~ of the Code of Virginia), shall be exempt, for all purposes, from ~~the Rules Governing Utility Rate Increase Applications and Annual Informational Filings, adopted in Case No. PUE850022 (20 VAC 5-200-30) and [this chapter—~~the Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30,] as ~~they~~ ~~[it—~~they] may be modified from time to time.

APPENDIX

Schedule 1 Capital Structure and Cost of Capital Statement

Instructions: This schedule shall state the amount of each capital component per balance sheet, the amount for ratemaking purposes, the percentage weight in the capital structure, the component cost, and the weighted capital cost, using the format of the attached schedule. This information shall be provided for the test period. In Part A, the test period information should be compatible with the ~~[SCC—State Corporation Commission]~~ Annual Operating Report. The methodology used in constructing the capital structure should be consistent with that approved in the applicant's last rate case. If the applicant wishes to use a different methodology (including a change in cost of equity) in constructing its capital structure in a rate application, it may prepare an additional schedule labelled as Schedule 1(a) explaining the methodology used and justifying any departure from applicant's last rate case.

The amounts and costs for short-term debt, revolving credit agreements, and similar arrangements shall be based on a 13-month average over the test year, or, preferably, a daily average during the test year, if available. All other test period amounts are end-of-year. The component weighted cost rates equal the product of each component's capital structure weight for ratemaking purposes times its cost rate. The weighted cost of capital is equal to the sum of the component weighted cost rates.

Schedule 1 Capital Structure and Cost of Capital Statement Test Period

A. Capital Structure Per Balance Sheet (\$)

Short-Term Debt

Customer Deposits

Other Current Liabilities

Long-Term Debt

Common Equity

Investment Tax Credits

Other Tax Deferrals

Other Liabilities

Total Capitalization

B. Capital Structure Approved for Ratemaking Purposes (\$)

Short-Term Debt

Long-Term Debt

Job Development Credits

Cost-Free Capital

Common Equity

Total Capitalization

C. Capital Structure Weights for Ratemaking Purposes (%)

Short-Term Debt

Long-Term Debt

Job Development Credits

Cost-Free Capital

Common Equity

Total Capitalization (100%)

D. Component Capital Cost Rates (%)

Short-Term Debt

Long-Term Debt

Job Development Credits

Cost-Free Capital

Common Equity (Authorized)

E. Component Weighted Cost Rates (%)

Short-Term Debt

Long-Term Debt

Job Development Credits

Cost-Free Capital

Common Equity (Authorized)

Weighted Cost of Capital

Schedule 2 Schedule of Bonds, Mortgages, Other Long-Term Debt, and Cost-Free Capital

Instructions: Provide a description of each issue, amount outstanding, percentage of total capitalization, and annualized cost based on the embedded cost rate. These data shall support the debt cost contained in Schedule 1. Provide a detailed breakdown of all cost-free capital items contained in Schedule 1.

Schedule 3 Schedule of All Short-Term Debt, Revolving Credit Agreements[,] and Similar Arrangements

Instructions: Provide data and explain the methodology used to calculate the cost and balance contained in Schedule 1 for short-term debt, revolving credit agreements[,] and similar arrangements.

Schedule 4 Stockholders['] Annual Report

Instructions: Provide a copy of the most recent stockholders' annual report and SEC Form 10K (if SEC Form 10K is available).

Schedule 5 Company Profitability and Capital Markets Data

Instructions: This schedule shall be prepared by companies having more than \$3 million in gross annual operating revenue which are not a subsidiary of a telecommunications company, using the definitions provided below and the format of the attached schedule. These companies shall provide data for the two most recent calendar years plus the test period. This information shall be compatible with the latest Stockholders' Annual Reports (including any restatements).

Definitions

$$\begin{aligned} \text{Return on Year} \\ \text{End Equity}^* &= \frac{\text{Earnings Available for Common Stockholders}}{\text{Year-End Common Equity}} \\ \\ \text{Return on} \\ \text{Average} \\ \text{Equity}^* &= \frac{\text{Earnings Available for Common Stockholders}}{\text{The Average of Year-End Equity for the Current \& Previous Year}} \\ \\ \text{Earnings Per} \\ \text{Share (EPS)} &= \frac{\text{Earnings Available for Common Shareholders}}{\text{Average No. Common Shares Outstanding}} \\ \\ \text{Dividends Per} \\ \text{Share (DPS)} &= \text{Common Dividends Paid Per Share During the Year} \\ \\ \text{Payout Ratio} &= \text{DPS/EPS} \\ \\ \text{Average Market Price}^{**} &= (\text{Yearly High} + \text{Yearly Low Price})/2 \text{ (if known)} \end{aligned}$$

* Job Development Credits shall not be included as part of equity capital nor shall a deduction be made from earnings for a capital charge on these Job Development Credits.

** An average based on monthly highs and lows is also acceptable. If this alternative is chosen, provide monthly market prices and sufficient data to show how the calculation was made.

Schedule 5 Company Profitability and Capital Market Data
Test Period

A. Ratios

Return on Year-End Equity
Return on Average Equity

Earnings Per Share
Dividends Per Share
Payout Ratio

Market Price of Common Stock:

Year's High

Year's Low

Average Price

B. External Funds Raised

External Funds Raised - All Sources (itemized)

Dollar Amount Raised

Coupon Rate (if applicable)

Rating Service (if applicable)

Average Offering Price (for Stock)

Schedule 6 Coverage Ratios and Cash Flow Profile Data

Instructions: This schedule shall be prepared using the definitions and instructions given below and using the format of the attached schedule for the past two calendar years plus the test period.

- Interest (lines 3, 4, 5) shall include amortization of discount expense and premium on debt without deducting an allowance for borrowed funds used during construction.

- Income taxes (line 2) include federal and state income taxes (in Virginia gross receipts tax should be considered State income tax).

- Earnings before interest and taxes (line 6) equals net income plus income taxes plus total interest = (line 1) + (line 2) + (line 5).

- IDC (line 8), where applicable, is total IDC - allowance for borrowed and other funds.

- Cash flow generated (line 14) = (line 1) + (line 9) + (line 10) + (line 11) + (line 12) - (line 8) - (line 13).

- Construction expenditures (line 15) is net of IDC.

Coverage definitions for Schedule 6

Pre-Tax Interest Coverage =	Earnings before Interest & Taxes	=	line 6
	-----		-----
	Interest		line 5
Common Dividend Coverage =	Cash Flow Generated	=	line 14
	-----		-----
	Common Dividends		line 16
[Cash] Coverage of Construction =	Cash Flow Generated	=	line 14
	-----		-----
Expenditures	Construction		line 15

Schedule 6 Coverage Ratios and Cash Flow Data
Test Period

Interest Coverage Ratios

- a. Pre-Tax Method

Cash Flow Coverage Ratios

- a. Common Dividend Coverage
- b. Cash Flow Coverage of Construction Expenditures

Data for Interest Coverage

1. Net Income
2. Income Taxes
3. Interest on Mortgages
4. Other Interest
5. Total Interest
6. Earnings Before Interest and Taxes
7. Estimated Rental Interest Factor (SEC)

Data for Cash Flow Coverage

1. Net Income

8. Interest During Construction (IDC)
9. Amortization
10. Depreciation
11. Change in Deferred Taxes
12. Change in Investment Tax Credits
13. Preferred Dividends Paid
14. Cash Flow Generated
15. Construction Expenditures
16. Common Dividends Paid

Schedule 7 Comparative Balance Sheets

Instructions: Provide a comparative balance sheet for the test period and the corresponding 12-month period immediately preceding the test period.

Schedule 8 Comparative Income Statement

Instructions: Provide a comparative income statement for the test period and the 12-month period immediately preceding the test period.

Schedule 9 Rate of Return Statement

Instructions: Use the format of the attached schedule. Column 1 should state the Applicant's total Company per books results for the test period. Non-jurisdictional amounts will be shown in Column 2, and Column 3 will reflect Virginia jurisdictional amounts. Adjustments to test period per books results shall be shown in Column 4. These adjustments shall be explained in Schedule

11. If a calendar year test period is used, Column 1 can be prepared from information filed by Applicant in its annual report to the ~~Commission~~ commission. If a calendar year test period is used, operating revenue line items can be found in Schedule 34 at page 58 of the Annual Report. "Depreciation and Amortization" is set forth on Line 23 of Schedule 35 at page 60 of the Annual Report. "Operating and Maintenance Expense" can be derived by subtracting the amount of depreciation and amortization expense from total operating expenses (Schedule 35, line 68). Interest on customer deposits must be calculated from Applicant's books. Column 6 should show the increase requested by Applicant.

**Schedule 9 Rate of Return Statement
Test Period**

Total

Company	Virginia Non- Jurisdic.	Jurisdic.	Amounts	Effect of	After	
<u>Per Books</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Increase</u>	<u>Increase</u>
Col.(1)	Col. (2)	Col. (3)	Col. (4)	Col. (5)	Col. (6)	Col. (7)

Operating Revenues

Local Service

Toll Service

Access Charges

Miscellaneous

Less: Uncollectible

Total Revenues

Operating Expenses

Operating and Maintenance Expense

Depreciation and Amortization

Income Taxes

Taxes Other than Income Taxes

Gain/Loss on Property Disposition

Total Expenses

Operating Income

Less: Charitable Donations

Interest Expense on Customer Deposits

Net Operating Income - Adjusted

Plus: Other Income (Expense)

Less: Interest Expense

Preferred Dividend Expense

JDC Capital Expense

Income Available for Common Equity

Allowance for working capital

Net Utility Plant

Total Rate Base

Total Capital for Ratemaking

Common Equity Capital

Rate of Return Earned on Rate Base

Rate of Return Earned on Common Equity

|

Schedule 10 Statement of Net Original Cost of Utility Plant and Allowances for Working Capital for the Test Year

Instructions: This schedule should be constructed using the ratemaking policies, procedures, and guidelines last prescribed for Applicant by the ~~Commission~~ commission. The schedule should indicate all property held for future use by account number, and the date of the planned use should be shown. In a footnote, applicant should identify the amount of plant and working capital devoted to non-regulated business activities, if any. Such plant shall not be included in the rate base. Applicants should use the format described below. The unamortized balance of investment tax credits shall be deducted from the rate base if the telephone company is subject to Option 1 treatment under I.R.S. Code §46(f). Column (4) adjustments should be explained and detailed in Schedule 11. Columns (2) and (3) only apply to companies with over \$3,000,000 in gross annual operating revenues which are subsidiaries of telecommunications companies.

Schedule 10 Net Original Cost of Utility Plant and Allowances

<u>Total Company Per</u> <u>Books</u>	<u>Non-Jurisdic.</u> <u>Amounts</u>	<u>Jurisdic.</u> <u>Amounts</u>	<u>Adjustments</u>	<u>Amounts After</u> <u>Adjustments</u>
Col. (1)	Col. (2)	Col. (3)	Col.(4)	Col. (5)

Telephone Plant in Service

Telephone Plant under construction

Property held for future use

Gross Plant

Less: Reserve for Depreciation

Net Telephone Plant

Allowance for Working Capital

Materials and supplies (13 month average)

Cash (20 days of O&M expenses)

Total Allowance for Working Capital

Other Rate Base Deductions:

Customer Deposits

Deferred Federal Income Taxes

Customer Advances for Construction

Option 1 Investment Tax Credits

Total Other Rate Base Deductions

Rate Base

Schedule 11 Explanation of Adjustments to Book Amounts

Instructions: All ratemaking adjustments to test period operations (test period and proforma) are to be fully explained in a supporting schedule to the [~~Applicant's~~ applicant's] Schedules 9 and 10. Such adjustments shall be numbered sequentially beginning with operating revenues. Supporting data for each adjustment, including the details of its calculation, should be provided. Examples of adjustments include:

1. Adjustments to annualize changes occurring during the test period.
2. Adjustments to reflect known and certain changes in wage agreements and payroll taxes occurring in the test period and proforma period (the 12- month period following the test period).
3. Adjustments to reflect depreciation and property taxes based on end-of-period plant balances.
4. Adjustments relating to other known changes occurring during the test period or proforma period.

5. Amounts relating to known and certain changes in company operations that take place in the proforma period can be adjusted through the end of the rate year. The rate year shall be defined as the 12 months following the effective date of new rates. The proforma period shall be defined as the 12 months immediately following the test year.

Schedule 12 Working Papers

Instructions: Provide detailed work papers and supporting schedules of all proposed adjustments. Two copies of this exhibit shall be filed with the ~~Commission's Division~~ commission's Divisions of Public Utility Accounting and Economics and Finance. Copies shall be provided to other parties on request. Each schedule shall identify sources of all data. Data shall be clearly identified as actual or estimated.

Schedule 13 Revenue and Expense Schedule

Instructions: The [~~Applicant~~ applicant] shall provide information about revenues by primary account (consumer classification) and operating and maintenance expenses by primary account during the test period. The [~~Applicant~~ applicant] shall also provide a detailed explanation of all revenue and expense item increases and decreases of more than 10% during the test period as compared to the 12-month period immediately preceding the test period. Worksheets used to compute the percentage change should be available for review upon request.

Schedule 14 Explanation of Proposed Revenue Requirement Calculation

Instructions: Provide a schedule describing the methodology used to determine the revenue requirement shown on Schedule 9, Column 6.

Schedule 15 Additional Revenues

Instructions: Show the calculations of the additional gross revenues and percentage increases by customer classes that would be produced by the new rates during the test period.

Schedule 16 Statement of Compliance

Instructions: Include the following statement signed by the person(s) sponsoring the application:

I, (Name of Sponsoring Party), (Title), affirm that this application complies with the ~~Commission's Rules~~ commission's rules for small investor-owned telephone utilities' applications for increases in rates, and I further affirm that the schedules filed to support the application comply with the instructions for the schedules set forth in the Appendix to those rules.

(Signature of Sponsoring Party) (Date)

~~20 VAC 5-400-40. Rules Governing Sharing or resale of local exchange service (shared tenant service).~~

CHAPTER 409.

**RULES GOVERNING SHARING OR RESALE OF LOCAL EXCHANGE SERVICE
(SHARED TENANT SERVICE).**

20 VAC 5-409-10. Shared tenant service permissible.

A. The tariffs of Virginia local exchange companies shall not prohibit any persons from subscribing to local exchange business telecommunications ~~service~~ services and facilities and privately reoffering those communication services and facilities to persons or entities occupying buildings or facilities that are within specifically identified contiguous property areas (even if the contiguous area is intersected by public thoroughfares or rights-of-way) and are either: (i) under common ownership, which is either the same owners, common general partners, or common principal equity investor; or (ii) within a common development which is either an office or commercial complex, a shopping center, an apartment or condominium or cooperative complex, an airport, a hotel or motel, a college or university, or a complex consisting of mixed uses of the types ~~heretofore~~-described above, but not to include residential subdivisions consisting of single-family detached dwellings.

B. Such private reoffering shall ~~hereinafter~~ be referred to as "shared tenant."

~~B. To the extent that a shared tenant service system would not meet the requirements of subsection A of this section, the person or persons desiring to provide the shared tenant service system shall have the right to petition the Commission to obtain a waiver of that Rule. Notice of this petition shall be given to the local exchange telephone company serving the area proposed to~~

~~be affected by the proposal and to any other persons designated by the Commission. The Commission may grant any such petition upon finding that the public interest is thereby served.~~

~~20 VAC 5-409-20. Applicability.~~

~~CA.~~ This ~~shared tenant service section chapter~~ shall apply only to those shared tenant service systems sharing more than 16 access lines or more than 32 stations.

~~B.~~ Sharing of smaller systems shall not be prohibited by local exchange companies[7] and shall be governed by joint user tariffs where in effect.

20 VAC 5-409-30. Waiver of requirements.

A. To the extent that a shared tenant service system would not meet the requirements of 20 VAC 5-409-10 of this chapter, the person or persons desiring to provide the shared tenant service system shall have the right to petition the commission to obtain a waiver of 20 VAC 5 409-10.

B. Notice of this waiver petition shall be given to local exchange telephone companies serving the area proposed to be affected by the proposal and to other persons as may be designated by the commission.

C. The commission may grant a waiver petition upon finding that the public interest would be served.

~~20 VAC 5-409-40. Local exchange carrier obligations.~~

~~DA.~~ Local exchange companies providing service to shared tenant service providers may charge for the resale of local business service based upon the number of calls to the extent permitted by the terms of § 56-241.2 of the Code of Virginia.

B. Nothing in ~~these shared tenant service rules—this chapter~~ shall be construed to authorize or to preclude treatment by local exchange companies of shared tenant service providers as a separate class of customers for the purpose of establishing rates and regulations of service.

C. Where tariffs providing for ~~such~~ charges based on the number of calls are not in effect at the time service is applied for, local exchange companies shall provide service to shared tenant service providers for the resale of local business service at the flat rates that apply to other business PBX (Private Branch Exchange) customers.

20 VAC 5-409-50. Shared tenant service provider obligations.

~~EA.~~ Shared tenant service shall not be offered to the general public other than the offering of properly tariffed coin service.

~~FB.~~ Providers of shared tenant service are business customers. On behalf of their residential and business end users, such providers may subscribe to residential and business directory listings, respectively, at the rates established for such additional listings by the local exchange ~~company~~ carrier.

C. ~~Providers of shared tenant service need not partition switches to allocate trunks among tenants or subscribers.~~

D. Shared tenant service providers receiving service under joint user tariffs of local exchange companies as of October 7, 1986, may continue to receive such joint user service at existing locations as long as each location remains with that same provider.

20 VAC 5-409-60. Right to request and right to serve.

GA. Local exchange companies shall have both the right and the obligation to serve any requesting subscriber located within their certificated service territory.

HB. Any end user within a shared tenant service building or facility has the right to subscribe to service directly from the certificated local exchange ~~company~~ carrier.

~~I. Providers of shared tenant service need not partition switches to allocate trunks among tenants or subscribers.~~

~~J. Shared tenant service providers receiving service under joint user tariffs of local exchange companies as of the effective date of these rules may continue to receive such joint user service at those existing locations as long as each such location remains with that same provider.~~

~~K.~~ 20 VAC 5-409-70. Rates and charges.

All rates and charges in connection with shared tenant service, and all repairs and rearrangments behind the minimum point of ~~penetration entry~~ of the local exchange ~~company's~~ carrier's facilities or behind the interface between company owned and customer owned equipment and including the shared tenant service provider's switch, will be the responsibility of

the person owning or controlling the facilities behind ~~such—the~~ minimum point of ~~penetration~~
~~entry~~ or interface and are not regulated by the ~~Virginia~~ State Corporation Commission.

~~20 VAC 5-400-50. Experimental plan for alternative regulation of Virginia telephone companies.~~

~~The objective of this plan is to determine to the extent possible, the degree of competitive freedom that local telephone companies may be afforded that is consistent with the overall public interest and with the duty of such companies to provide economical telephone services of a monopoly nature:~~

~~1. The plan will be implemented for a four year trial period beginning January 1, 1989, and will be optional with the individual companies.~~

~~2. An initial rate reduction will be part of the plan, based upon March 31, 1988, Annual Informational Filings (AIFs), a subsidiary capital structure, and a range of return on equity of 12% -14%.~~

~~3. Should a company elect to proceed under the plan, it must file a letter of intent to participate, specifying rate reductions with appropriate tariffs and a rate of return statement supporting the reduction attached. Should a company later desire to end its participation, it may do so, with leave of the Commission upon a showing of good cause. Any company granted permission to terminate the plan will thereafter be subject to traditional rate base/rate of return regulation on a prospective basis. The Commission retains the right to terminate a company's participation in a plan, in whole or in part, on its own motion, or upon complaint, if it finds good cause to do so, including a determination that any practices under the plan are abusive or detrimental to the public interest. In this regard, the Commission intends to monitor closely all aspects of a company's performance under the plan.~~

~~4. The plan will be evaluated in the fourth year.~~

~~5. During the four years the plan is in effect, any changes found to be necessary to the policies and procedures established under this plan will be given prospective effect only.~~

~~6. Services will be classified into categories as shown on Appendix A according to the following definitions:~~

~~"Actually competitive" means services for which there are readily available, functionally equivalent substitutes of at least equivalent quality.~~

~~"Potentially competitive" means services which persons other than Local Exchange Companies (LECs) are capable of providing, but which do not conform to the definitions of actually competitive.~~

~~"Discretionary" means services which can be provided only by the LECs, but which are optional, nonessential enhancements to basic communications.~~

~~"Basic" means services which, due to their nature or legal/regulatory restraints, only the LECs can provide.~~

~~7. Services listed on Appendix A as potentially competitive, discretionary, or basic, together with all other existing services of a company not identified on Appendix A as actually competitive will remain subject to current regulatory oversight, modified, however, by subsequent subdivision 9.~~

~~8. The rate base, costs and revenues from the actually competitive services enumerated in Appendix A will be transferred below the line for AIF purposes, and will not be subject to price regulation.~~

~~9. Potentially competitive services, as defined in Appendix A, and excluding access services, will be allowed flexible tariff status with the right to adjust rates for such services on an~~

~~expedited basis subject to Commission notification. Prices may be increased or decreased at the company's discretion. Tariffs must be filed at least 30 days prior to the effective date, which is consistent with current tariff filing procedures. Filings which include rate reductions must include supporting data demonstrating the rate is not below long run incremental cost.~~

~~10. Tariffs shall continue to be filed for all services except actually competitive services.~~

~~11. Services and capabilities of a monopoly nature that are essential components of competitive services must be offered on an unbundled basis in the tariffs. When these services and capabilities are used by competitive services, the associated revenue of these monopoly components will be attributed to monopoly operations based on the tariff rates. For actually competitive services, essential monopoly components not now individually offered must be unbundled by tariff filings within 90 days of a company's adoption of this plan.~~

~~12. All current services not subject to regulation will continue in an unregulated status.~~

~~13. Prior Commission approval will be required to introduce any rates, charges and conditions that vary according to customers' geographic location.~~

~~14. Rate regrouping due to growth in access lines will continue in order to avoid rate discrimination between similarly sized exchanges.~~

~~15. For purposes of the staff's monitoring during the experimental trial period, the company shall initially file with the staff, under proprietary protection, current price lists for services, except Yellow Pages, in the actually competitive category. Such lists shall be updated at the end of each year during the trial period.~~

~~16. Solely for monitoring purposes, the company shall file a per books rate of return statement, under proprietary protection, for the aggregate of all its services except Customer Premise Equipment (CPE). The Commission will monitor separately the financial results from actually competitive services. Initially, these filing and monitoring requirements will be met on a quarterly basis, and subsequently may be required less frequently if appropriate. Annually, the company shall file a non-proprietary AIF, based upon the rate base, costs and revenues of potentially competitive, discretionary, and basic services. The rate of return statement will reflect per books results, making adjustments for:~~

~~a. Investment Tax Credits (ITC) capital expense and its associated tax savings;~~

~~b. Restatements from Generally Accepted Accounting Principles (GAAP) to regulatory accounting;~~

~~c. Removal of out of period revenue and expense amounts that relate to occurrences prior to the implementation of the trial plan; and,~~

~~d. Removal of out of period amounts that are a direct result of the plan, and as agreed upon and reported by the Task Force Financial Monitoring Subcommittee.~~

~~17. In the event the company seeks any increase in the prices of any basic or discretionary services during the trial period, the company must file a rate application conforming to the rules adopted in Case No. PUE850022.~~

~~a. The financial results in this filing will include rate base, costs, and revenues from services in potentially competitive, discretionary, and basic service categories.~~

b. ~~— In addition, all rate base, costs, and revenues from services in the actually competitive category, except CPE, will be imputed to regulated financial results and considered in determining the company's revenue need.~~

c. ~~— The circumstances surrounding the need for an increase may affect continuing participation in the plan; however, a requested rate increase would not necessarily preclude on going participation.~~

18. ~~— During the trial period, the company's approved return on equity will be set at a range of 12% to 14%. For purposes of monitoring during the plan, return on equity and return on rate base will be calculated by using a 13-month average common equity and a 13-month average rate base number.~~

19. ~~— During the plan years all rates except actually competitive rates will become interim rates subject to subdivision 20.~~

20. ~~— If the company is found to have earned in excess of the authorized range of return on potentially competitive, basic, and discretionary services in the year preceding, an appropriate refund will be made with interest. If such a condition is not found to exist, the Commission, upon motion by the company, will order that the interim rates for the previous year be made permanent. All actions in this paragraph will be taken only after notice and opportunity for hearing.~~

21. ~~— Service quality results shall be filed by the local exchange companies on a quarterly or monthly basis as directed by the staff.~~

a. ~~— These reports may be expanded to include results not contained in the present service reports.~~

~~b. — Companies will report on the following seven categories of service:~~

~~(1) — Commission complaints per 1000 access lines per year~~

~~(2) — Trouble reports per 100 access lines~~

~~(3) — Percent repeated trouble reports~~

~~(4) — Service observation results~~

~~(5) — Business office accessibility~~

~~(6) — Repair service accessibility~~

~~(7) — Service orders completed within five working days~~

~~c. — Companies will also file reports showing results related to service provided to interexchange carriers as follows:~~

~~(1) — On time performance~~

~~(2) — Outage duration~~

~~(3) — Blocking below the tandem~~

~~d. — The staff will analyze service results and take immediate action to resolve any service quality problems.~~

~~22. — The costs associated with services in the actually competitive category must be determined by a cost allocation methodology.~~

~~a. — During the first quarter of the first year the plan is in effect, the staff and all companies, along with other interested parties, shall negotiate uniform generic cost allocation guidelines and principles for separating out actually competitive accounts.~~

~~b. — The Commission will then seek comments on the results of these negotiations, modified as deemed appropriate, in a docketed and properly noticed proceeding.~~

~~c. — Generic cost allocation guidelines and principles, modified as appropriate, will then be adopted by the Commission.~~

~~d. — Using these guidelines, companies will file their own specific cost allocation plans for the services in the actually competitive category. These plans are subject to review by the staff and will be subject to appropriate revisions in a docketed and properly noticed proceeding.~~

~~e. — During each succeeding year of the plan after the first year, the cost allocations arrived at initially will be monitored and adapted to changing conditions by agreement between the staff and the company, and interested parties as necessary.~~

~~23. — Upon the request of the staff, the company will file such other information with respect to any services or practices of the company as may be required of public service companies under current Virginia law, or any amendments thereto.~~

~~24. — Thirty days prior to offering a new service, the company shall notify in writing the staff, the Attorney General, and all certificated interexchange carriers of the new service offering.~~

~~a. — Simultaneous with such notification, the company shall designate the service category into which the new service is classified.~~

~~b. — Any interested party shall be afforded an opportunity, by timely petition to the Commission, to propose that the new service be classified in a different category; however, the filing of such petition shall not result in postponement of the new service offering.~~

~~c. Any such proceeding to determine the proper classification of a new service offering shall be completed within 90 days following the effective date of the new service offering.~~

~~d. This provision also applies to the reclassification of existing services.~~

~~25. Interexchange Carriers' (IXC) access charges are not included in the categories of services set out in this plan for pricing purposes. Pricing for such services will be considered separately in accordance with the procedures adopted in Case No. PUC870012. However, for purposes of the initial rate reduction called for by subdivision 2, IXC access charges may be reduced as long as no access charge prices fall beneath incremental costs as determined in Case No. PUC870012. For all other purposes, access services will be included in the categories as shown on Appendix A.~~

~~26. Within six months following the conclusion of the third year of the plan's adoption, each company will prepare and submit to the Commission a detailed, written report which is satisfactory to the Commission, and which describes and documents the perceived effects of the plan—benefits and detriments—upon the company and upon its customers, for both regulated and unregulated goods, services and equipment of whatever nature and wherever sold, used or provided. The purpose to be served by this report is to provide an informed basis upon which the Commission can design and execute subsequent policy and predicate future action in appropriate response to the competitive and technological forces which are then identified as impacting the field of communications and information transfer.~~

MARKET CLASSIFICATIONS OF LEC SERVICES

Appendix A

<u>Actually Competitive</u>	<u>Potentially Competitive</u>
1. Yellow Page Advertising	1. Bulk Private Line
2. Customer Premises Equipment	2. Bulk Special Access
3. Inside Wiring	3. Operator Call Completion Services
4. CENTREX Intercom & Features	4. 3 Way Calling
5. Billing & Collection	5. Call Forwarding
— (Processing, Rendering Inquiry)	6. Time of Day Service
6. Mobile Service	7. Weather Forecast Service
7. Paging Services	8. C.O. Data Sets
8. Speed Calling	9. Toll Restriction
9. Apartment Door Answering	
10. C.O. LANS	

<u>Discretionary</u>	<u>Basic</u>
1. Non-list & Non-pub Numbers	1. Access to Switched
2. Preferred (Vanity) Numbers	Network (DTLs)
3. Additional Listings	2. Exchange Usage
— & Bold Type	3. Switched Access
4. Operator Verification	4. MTS/WATS/800
— & Interrupt	5. Basic Service Charges
5. Call Waiting	6. Optional Calling Plans
6. Remote (Fixed) Call	7. CENTREX Exchange
— Forwarding	Access & Usage
7. DTMF Signaling (Touch	8. B & C With DNP
— Tone, U Touch)	9. ANI & Recording
8. B & C Security Functions	10. Directory Assistance
9. Special Billing Numbers	11. Maintenance Visit
10. Referral Service (Customized	(Trouble Isolation)
— Intercept) Line	12. Single Private &
11. Transfer Arrangements	Special Access
12. Exclusion	13. Operator Service—
13. Call Restrictions	Emergency & Troubles
14. Make Busy Arrangements	14. Intercept (Standard)
15. Break Rotary Hunt	15. White Page Listing
	16. List Service
	17. Number Screening
	— (Selective Class of
	— Call Screening)
	18. FX Service

- 19. ~~Public and Semi Public~~
~~Telephone Service~~
- 20. ~~IXC Coinless~~
~~Telephone Service~~
- 21. ~~Four wire Service~~
~~Terminating Arrangements~~
- 22. ~~Concentrator Identifier~~
~~Equipment~~
- 23. ~~Emergency Number~~
~~911 Service~~
- 24. ~~Public Data Network~~
- 25. ~~Direct Inward Dialing~~
- 26. ~~Extended Area Calling~~
- 27. ~~Hunting Arrangements~~
- 28. ~~PBX Night, Sunday,~~
~~etc. Arrangements~~
- 29. ~~Split Supervisor Drops~~
- 30. ~~Identified Outward Dialing~~

~~20 VAC 5-400-60. Rules governing the certification of interexchange carriers.~~

~~A. Purpose. These rules are promulgated pursuant to §§ 56-265.4:4, 56-481.1 and 56-482.1 of the Code of Virginia and are effective July 1, 1984, as modified on August 7, 1989, in this chapter, and on October 1, 1995, in 20 VAC 5-400-120.~~

CHAPTER 411.

RULES GOVERNING THE CERTIFICATION OF INTEREXCHANGE CARRIERS.

20 VAC 5-411-10. Filing of application.

~~B.~~—An original and 15 copies of ~~applications~~an application for ~~certificates~~a certificate of public convenience and necessity to operate as an interexchange carrier shall be filed with the Clerk of the State Corporation Commission, ~~c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23216,~~ and shall contain all the information and exhibits required herein by this chapter.

20 VAC 5-411-20. Notice of application.

~~CA.~~ Notice of the application shall be given to each existing interexchange carrier; the Division of Consumer Counsel, Office of the Attorney General; and to each local exchange carrier, ~~and shall be provided to governmental officials as required by the Commission in its initial order setting the case for hearing.~~

~~B.~~ Each applicant shall publish notice in newspapers having general circulation throughout the Commonwealth in a form to be prescribed by the ~~Commission~~commission.

20 VAC 5-411-30. Application requirements.

A. Applicants shall attest that they will abide by the provisions of § 56-265.4:4 B of the Code of Virginia.

B. Applicants shall submit information which identifies the applicant including (i) its name, address and telephone number[;] (ii) its corporate ownership[;] (iii) the name, address, and telephone number of its corporate parent or parents, if any[;] (iv) a list of its officers and directors or, if ~~Applicant~~ applicant is not a corporation, a list of its principals and their directors ~~if said principals are corporations~~ [;] and (v) the names, addresses, and telephone numbers of its legal counsel.

~~DC.~~ Each incorporated applicant for a ~~Certificate~~ certificate shall demonstrate that it is authorized to do business in the Commonwealth as a public service company.

~~ED.~~ Applicants shall be required to show their financial, managerial, and technical ability to render interexchange ~~telecommunication service~~. telecommunications services as follows:

~~(i)~~1. As a minimum requirement, a showing of financial ability shall be made by attaching ~~Applicant's~~ the applicant's most recent stockholder's annual report and its most recent [~~SEC~~ (Securities and Exchange Commission)] Form 10-K or, if the ~~Company~~ company is not publicly traded, its most recent financial statements.

~~(ii)~~2. To demonstrate managerial experience, each applicant shall attach a brief description of its history of providing interexchange ~~telecommunication~~ service telecommunications services and shall list the geographic areas in which it has been and is currently being provided. Newly created companies shall list the experience of each principal ~~or~~ officer in order to show its ability to provide service.

~~(iii)~~3. Technical abilities shall be indicated by a description and map of the applicant's owned or leased facilities within the Commonwealth. An additional map should be filed showing the applicant's points of presence within its proposed service area.

E. Each application for a certificate to provide interexchange telecommunications service~~s~~ shall include the carrier's proposed initial tariffs, rules, regulations, [and] terms and conditions. If the commission finds those tariffs reasonable, they shall be approved with the granting of the certificate. Any subsequent request to increase rates shall be submitted pursuant to Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia, unless the requesting carrier has been granted authority by the commission to set rates and charges pursuant to §56-481.1 of the Code of Virginia.

F. Any applicant desiring to have rates based upon competitive factors shall petition the commission to be granted such authority pursuant to the provision of § 56-481.1 of the Code of Virginia. This petition may be included in the applicant's petition for a certificate of public convenience and necessity. The commission shall consider the criteria set out in § 56-481.1 of the Code of Virginia in making any determination that interexchange telecommunications service~~s~~ will be provided on a competitive basis.

20 VAC 5-411-40. Abandonment or discontinuation of service.

~~F.~~—No interexchange carrier shall abandon or discontinue service, or any part thereof, of service established under provisions of §56-265.4:4 of the Code of Virginia, except with the approval of the ~~Commission~~ commission, and ~~upon such~~ under the terms and conditions as the ~~Commission~~ commission may prescribe.

20 VAC 5-411-50. Reports to State Corporation Commission.

GA. Each interexchange carrier annually shall file a current financial report with the ~~Commission~~ commission, shall maintain Virginia books, and shall maintain such books in accordance with generally accepted accounting principles ~~and, in any event,~~ [and] as shall be required by the ~~Commission-commission~~ to facilitate its assessment of all taxes and to facilitate the performance of its regulatory responsibilities.

B. Carriers shall file with the ~~Commission-commission~~ on a monthly basis; a report showing monthly usage of local exchange telephone services and facilities as required by §§ 56-482.1 and 56-482.2 of the Code of Virginia.

20 VAC 5-411-60. Suspension or revocation of certificate.

HA. No carrier shall unreasonably discriminate among subscribers requesting service. Any finding of ~~such~~-discrimination shall be grounds for suspension or revocation of the certificate of public convenience and necessity granted by the ~~Commission~~commission.

B. Excessive subscriber complaints against an interexchange carrier~~[-which-that]~~ the ~~Commission-commission~~ has found to be meritorious~~[-]~~ may also be grounds for suspension or revocation of the carrier's certificate of public convenience and necessity.

C. In all proceedings pursuant to this ~~Subsection-Hsection~~, the ~~Commission~~ commission shall give notice to the carrier of the allegations against it and provide the carrier with an opportunity to be heard concerning those allegations prior to the suspension or revocation of the carrier's certificate of public convenience and necessity.

~~I. — Each application for a certificate to provide interexchange telecommunication service shall include the carrier's proposed initial tariffs, rules, regulations, terms and conditions.~~

~~If the Commission finds those tariffs reasonable, they shall be approved with the granting of the Certificate. Any subsequent request to increase rates shall be submitted pursuant to Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia, unless the requesting carrier has been granted authority by the Commission to set rates and charges pursuant to §56-481.1 of the Code of Virginia.~~

~~J. — Any carrier desiring to have rates based upon competitive factors shall petition the Commission to be granted such authority pursuant to the provision of § 56-481.1 of the Code of Virginia. Such petition may be filed simultaneously with the applicant's petition for a certificate of public convenience and necessity. The Commission shall consider the criteria set out in § 56-481.1 of the Code of Virginia in making any determination that interexchange telecommunication service will be provided on a competitive basis.~~

20 VAC 5-411-70. State Corporation Commission authority to set rates.

~~K.~~ — Should the ~~Commission~~ **commission** ever determine, after notice to the public and any affected ~~inter-exchange~~ interexchange carriers and after an opportunity is afforded for any interested party to be heard, that competition, although previously found by the ~~Commission~~ **commission** to exist, has ceased to exist among interexchange carriers, it may, pursuant to § 56-241 of the Code of Virginia, require that the rates of such carriers be determined pursuant to Chapter 10 (§ 56-232 [et seq.]) of Title 56 of the Code of Virginia.

20 VAC 5-411-80. Proposed rate increases.

LA. Carriers shall give notice of proposed rate increases to subscribers by (i) billing inserts furnished at least two weeks prior to the increase, ~~or~~ (ii) publication for two consecutive

weeks as display advertising in newspapers having general circulation in the area served by the carrier with the last publication appearing at least two weeks prior to the increase, or (iii) direct written notification to each affected subscriber at least two weeks prior to the increase.

B. The notice shall state the subscribers' existing rates, the proposed rates, and the percentage change between the two.

C. Rate revisions which result in no increase to ~~any subscriber~~ subscribers may be implemented without notice.

20 VAC 5-411-90. Exclusion.

~~**M.**~~—These rules shall not apply to domestic cellular radio telecommunications carriers.

~~20 VAC 5-400-100. Modified plan for alternative regulation of Virginia local exchange telephone companies.~~

~~A. The experimental plan, originally effective January 1, 1989, will be modified as set forth herein, will be effective January 1, 1994, as the modified plan, and will constitute an alternative to regulation under Chapter 10 (§56-232 et seq.) of Title 56 of the Code of Virginia for those Virginia telephone companies not regulated pursuant to Chapter 16 (§56-485 et seq.) or 19 (§56-531 et seq.) of Title 56.~~

~~B. A local exchange company ("LEC" or "company") participating in the Experimental plan on December 31, 1993, shall be deemed to be continuing to participate in this modified plan (hereinafter "plan") effective January 1, 1994. Should a company later desire to end its participation, it may do so with leave of the Commission upon a showing of good cause. Any company granted permission to exit the plan will thereafter be subject to traditional regulation pursuant to Chapter 10 (§56-232 et seq.) of Title 56 of the Code of Virginia on a prospective basis or to another alternative form of regulation as approved pursuant to §56-235.5 of the Code of Virginia. The Commission retains the right to terminate a company's participation in the plan on its own motion, or upon complaint, if it finds good cause to do so, such as a finding that a practice under the plan is abusive or detrimental to the public interest.~~

~~C. While this plan is in effect, any changes found to be necessary will be given prospective effect only.~~

~~D. Services will be classified into categories as shown on Appendix A according to the following definitions:~~

~~"Competitive" means at a minimum, services for which there are readily available substitutes which reasonably meet customer needs and for which competition in the marketplace effectively regulates the price for such services.~~

~~"Discretionary" means services which can be provided only by the LECs, but which are optional, nonessential enhancements to basic communications, or services which others are capable of providing but which do not conform to the competitive services definition.~~

~~"Basic" means services which are not discretionary and, due to their nature or legal/regulatory restraints, only the LECs can provide.~~

~~Yellow Pages advertising will continue to be treated as competitive for all purposes of this plan, but 25 % of Yellow Pages' advertising income available for common equity will be attributed to noncompetitive services.~~

~~E.—— Services listed on Appendix A as discretionary or basic, together with all other existing services of a company not identified on Appendix A as competitive, will remain subject to current regulatory oversight, modified, however, by subsection G, below.~~

~~F.—— The rate base, costs, and revenues from Competitive services will be transferred below the line for AIF (Annual Informational Filing) purposes and will be not subject to price regulation.~~

~~G.—— Individual Case Basis (ICB) or custom service package contract pricing is allowed for services other than Basic when the LEC demonstrates that a competitive alternative, as defined in subsection D, exists for an individual customer, but where the service does not otherwise fully satisfy the requirements of subsection D.~~

~~1.—— Conditions of subsection I must be met,~~

~~2. A copy of any ICB or custom service package contract must be timely filed under proprietary protection with the Commission's Division of Communications, and~~

~~3. Any such filing must include supporting data demonstrating that the rate is above long-run incremental cost.~~

~~H. Tariffs shall continue to be filed for all discretionary and basic services; and for any competitive service that is also offered, pursuant to a Virginia intrastate tariff, by another company is certificated by this Commission.~~

~~I. Services and/or capabilities of a monopoly nature that are components of competitive services must be offered on an unbundled basis in the tariffs. When these services and/or capabilities are used by competitive services, revenues shall be attributed to noncompetitive operations based on the tariff rates and quantities used. The requirements of this subsections must be satisfied at the time a service is determined to be competitive.~~

~~J. Any service that is lawfully, preemptively deregulated by the Federal Communications Commission (FCC) will not be subject to regulation. Services in this category as of January 1, 1994, are Customer Premises Equipment and Complex Inside Wire. This Commission retains full regulatory authority over any service that is not lawfully, preemptively deregulated, including competitive services that fall under the FCC's Part 64 rules.~~

~~K. Rate regrouping due to growth in access lines will continue in order to avoid rate discrimination between similarly sized exchanges.~~

~~L. For purposes of assuring that competition is an effective regulator of the price of competitive services, the staff shall monitor these services on a periodic basis, at a minimum, annually. Solely for annual monitoring purposes, each company shall file a per books rate of~~

~~return statement, under proprietary protection, for the aggregate of all of its services, except for any service that is lawfully, preemptively deregulated by the FCC consistent with subsection M, below. Annually, total company, total service results will be monitored in order to provide the Commission with a complete picture of each company's operating results.~~

~~M. — Annually, each company shall file a nonproprietary AIF based upon the rate base, revenues, and expenses of all services, excluding those which are competitive except Part 64 services that have not been lawfully, preemptively deregulated by the FCC. Return on rate base and return on common equity will be calculated by using a 13-month average rate base and a 13-month average common equity amount. For AIF purposes, a company should not include a cash allowance for working capital unless the Commission has ordered the company to use the results of a comprehensive lead lag study. The AIF shall include a capital structure and cost of capital statement, a rate of return statement, and a rate base statement, together with other information as required by the staff or the Commission. The capital structure shall be determined in accordance with subsection O, below, on a per books basis. The rate of return statement will also reflect per books results, making adjustments for:~~

- ~~1. — Investment Tax Credits (ITC) capital expense and its associated tax savings;~~
- ~~2. — Restatements from Generally Accepted Accounting Principles (GAAP) to regulatory accounting;~~
- ~~3. — Removal of out of period revenue and expense amounts that relate to occurrences prior to January 1, 1989, the implementation of the experimental plan;~~
- ~~4. — Removal of out of period amounts that are a direct result of the plan.~~

~~N. In the event a company seeks an increase in the price of any basic service, or any basic service combined with price changes for discretionary or other basic services, that results in an increase in overall regulated operating revenues, the company must file a rate application conforming to the rules governing general rate case applications for telephone companies. The revenue limitation provisions of § 56-235.4 of the Code of Virginia would apply.~~

~~1. The financial results in this filing will include rate base, expenses, and revenues from all services, excluding any service lawfully, preemptively deregulated by the FCC.~~

~~2. In the event a cash working capital allowance is sought, a comprehensive lead lag study is required. This study should include a balance sheet analysis.~~

~~3. The circumstances surrounding the need for an increase may affect continuing participation in the plan; however, a requested rate increase would not necessarily preclude ongoing participation. However, a company may not participate in the plan and receive a rate increase if the return on equity as determined in subdivision N1 is above the bottom of the allowed return on equity range. In the event a company seeks a change in the price of basic and/or discretionary services that does not result in an increase in overall regulated operating revenues, it must proceed pursuant to the Commission approval and customer notification provisions of §§ 56-237.1 and 56-237.2 of the Code of Virginia. In the event a company seeks an increase in any discretionary service that results in an increase in overall operating revenues, it must proceed pursuant to the Commission approval and customer notification provisions of §§ 56-237.1 and 56-237.2 of the Code of Virginia. Any hearing resulting from § 56-237.2 of the Code of Virginia must conform to the rules governing general rate case applications for~~

~~telephone companies, including subdivisions 1, 2, and 3 above. In addition, the revenue limitation provisions of §56-235.4 of the Code of Virginia would apply.~~

~~O. The allowed return on equity will be determined annually for the upcoming calendar year based on an average (rounded to the nearest one hundredth of the 30 Year Treasury bond yield, adjusted to constant maturity, for the months of September, October, and November, as reported in the Federal Reserve Statistical Release H.15 (519) (or by its successor, should it be changed), plus a risk premium range as set forth in the table below.~~

<u>TREASURY BOND RATE</u>		<u>RISK PREMIUM</u>	
0	2.49	6.5	8.5
2.50	3.49	6.0	8.0
3.50	4.49	5.5	7.5
4.50	5.49	5.0	7.0
5.50	6.49	4.5	6.5
6.50	7.49	4.0	6.0
7.50	8.49	3.5	5.5
8.50	9.49	3.0	5.0
9.50	10.49	2.5	3.5
10.50	11.49	2.0	4.0
11.50	12.49	1.5	3.5
12.50	13.49	1.0	3.0
13.50	14.49	.5	2.5
14.50	AND ABOVE	0	2.0

~~The overall cost of capital will be based upon the local exchange company's 13-month average capital structure and cost of senior capital, together with the allowed return on equity range.~~

~~P. All rates, except those for competitive services, are interim rates until the Commission declares that they are no longer subject to refund. If a company is found to have earned in excess of the authorized range of return on basic and discretionary services in the year preceding, an appropriate refund will be made with interest consistent with the top of the return~~

~~on equity range. Under appropriate circumstances, and upon motion by the company, the Commission will order that the interim rates for the previous year are no longer subject to refund. All actions in this subdivision will be taken only after notice and opportunity for hearing.~~

~~Q. Reports of service quality results shall be filed by the local exchange companies on a quarterly or monthly basis as directed by the staff.~~

~~1. These reports shall conform to service rules adopted by the Commission by Final Order of June 10, 1993, in Case No. PUC930009, Commonwealth of Virginia, ex rel. State Corporation Commission Ex Parte: In the matter of Adopting Rules Governing Service Standards for Local Exchange Telephone Companies (20 VAC 5-400-80).~~

~~2. These reports may be expanded to include results not contained in the present service reports.~~

~~3. Companies will also file reports showing results related to service provided to interexchange carriers as follows:~~

- ~~a. On time performance~~
- ~~b. Outage duration~~
- ~~c. Blocking below the tandem~~

~~4. The staff will analyze all such service results and take immediate action to resolve any service quality problems.~~

~~R. The Commission's cost allocation principles and guidelines (Exhibits A and B of the Order in Case No. PUC890014, dated July 21, 1989) and the Orders of April 17, 1990; June 26, 1990; and June 19, 1991; in Case No. PUC890014, are incorporated herein by reference.~~

~~Costs and revenues associated with Competitive services, except Part 64 services, must be determined by detailed allocation methods that conform to these principles and guidelines. These detailed allocation methods will be monitored and revised when necessary as an administrative function of the staff of the Division of Communications. Part 64 services should have their costs and revenues determined by the FCC's Part 64 procedures as long as the results are accurate and reasonable.~~

~~S. — Upon the request of the staff, a company will file such other information with respect to any services or practices of the company that may be required of public service companies under current Virginia law, or any amendments thereto. Any company that fails to provide, timely and accurately, data required by the regulation, including answers to any staff request for data or information necessary for the execution of this regulation, shall be subject to a Rule to Show Cause hearing for such failure. The Commission will monitor closely all aspects of each company's performance under the regulation.~~

~~T. — Thirty days prior to offering a new service or reclassifying an existing service, a company shall notify in writing the staff, the Attorney General, and all certificated interexchange carriers of the new or reclassified offering and shall provide appropriate documentation to the staff. The Commission may suspend the proposed effective date if the documentation supporting the classification is insufficient.~~

~~1. — Simultaneous with such notification, the company shall designate the service category into which the service is classified.~~

~~2. — If the proposed service category is competitive, notice must be given to all affected parties, and a hearing must be conducted.~~

~~3. Any interested party shall be afforded an opportunity, by timely petition to the Commission, to propose that the service be classified in a different category; however, the filing of such petition shall not result in the postponement of any new service offering.~~

~~4. Any such proceeding to determine the proper classification of a service offering shall be completed within 90 days following the effective date of the service offering, except that if the proposed classification is Competitive, the proceeding must be completed within 120 days.~~

~~U. Interexchange Carriers' access charges are not included in the categories of services set out in this plan for pricing purposes. Pricing for such services will be considered separately in accordance with procedures adopted in Case No. PUC870012. In re: Investigation of the appropriate methodology to determine intrastate access service costs and as implemented in Case No. PUC880042, Ex Parte: In re, investigation of pricing methodologies for intrastate access service. For all other purposes, access services will be included in the categories as shown on Appendix A below.~~

~~APPENDIX A.~~

~~MARKET CLASSIFICATIONS OF LEC SERVICES~~

~~Competitive~~

- ~~1. Yellow Pages Advertising~~
- ~~2. Non preemptively deregulated Customer Premises Equipment~~
- ~~3. Simple Inside Wiring~~
- ~~4. CENTREX Intercom & Features (CENTREX INTELLILINQ BRII)⁶~~
- ~~5. Billing & Collection (Processing, Rendering, Inquiry)~~
- ~~6. Paging Services~~
- ~~7. Speed Calling~~
- ~~8. Apartment Door Answering⁺~~
- ~~9. C.O. LANS⁶~~
- ~~10. Home intercom⁺~~
- ~~11. Uniform Call Distribution⁺~~
- ~~12. Business Market Hotline⁺~~
- ~~13. Data Paths²~~
- ~~14. TI Access⁴~~
- ~~15. Switched Data Service⁴~~
- ~~16. Part 64 Services~~

~~Discretionary~~

- ~~1. Non list & Non pub. Numbers~~
- ~~2. Preferred (Vanity) Numbers~~
- ~~3. Additional Listings & Bold Type~~
- ~~4. Verification With Call Interrupt~~
- ~~5. Call Waiting~~
- ~~6. Remote Call Forwarding~~
- ~~7. DTMF Signalling⁶~~
- ~~8. B&C Security Functions~~
- ~~9. Special Billing Numbers~~
- ~~10. Referral Service~~
- ~~11. Transfer Arrangements~~
- ~~12. Exclusion~~
- ~~13. Toll/Call Blocking (All Types)⁶~~
- ~~14. Make Busy Arrangements~~
- ~~15. Break Rotary Hunt~~
- ~~16. Return Call⁶~~
- ~~17. Priority Call⁶~~
- ~~18. Select Forward⁶~~
- ~~19. Call Block⁶~~
- ~~20. Caller ID⁶~~
- ~~21. Call Trace⁶~~

- 22. ~~IDENTA RING⁶~~
- 23. ~~Connect Request^{sm1}~~
- 24. ~~High Capacity Digital Hand-off Service⁶~~
- 25. ~~Appointment Request⁺~~
- 26. ~~Anonymous Call Rejection⁶~~
- 27. ~~INTELLILINQ PRI⁺~~
- 28. ~~Centrex DID Intercept Service⁺~~
- 29. ~~Bulk Private Line~~
- 30. ~~Bulk Special Access~~
- 31. ~~Operator Call Completion Services~~
- 32. ~~Three Way Calling~~
- 33. ~~Time of Day Service~~
- 34. ~~Weather Forecast Service~~
- 35. ~~C.O. Data Sets~~
- 36. ~~Pay Per View^{+,4}~~
- 37. ~~Repeat Call⁶~~
- 38. ~~Intercom Extra⁺~~
- 39. ~~Digital Data Service⁺~~
- 40. ~~ULTRA FORWARD⁶~~
- 41. ~~Switched Multi Megabit Data Service⁺~~
- 42. ~~Switched Redirect Service⁺~~
- 43. ~~CENTREX Extend Service⁺~~
- 44. ~~FDDI/FNS⁺~~
- 45. ~~Frame Relay Service⁺~~
- 46. ~~10 Mbps Ethernet²~~
- 47. ~~Cancel Call Waiting⁶~~
- 48. ~~United SwitchLink^{sm3}~~
- 49. ~~United SwitchLinksm Plus²~~
- 50. ~~Call Forwarding (Busy, No Answer, Fixed, Automatic)⁶~~
- 51. ~~Digital Cross Connect²~~
- 52. ~~Busy Study/Traffic Assessment²~~
- 53. ~~Telecommunications Service Priority~~
- 54. ~~Message Waiting Indicator⁶~~
- 55. ~~Detail Message Billing^{4,5}~~
- 56. ~~Enhanced Service Provider⁴~~
- 57. ~~GTE Datalink Service⁵~~
- 58. ~~ControlLink Digital Channel Service⁴~~
- 59. ~~Automatic Meter Reading⁴~~

Basic

- 1. ~~Access to Switched Network (DTLs)~~
- 2. ~~Exchange Usage~~
- 3. ~~Switched Access~~
- 4. ~~MTS/WATS/800~~

5. ~~Basic Service Charges~~
6. ~~Optional Calling regulations~~
7. ~~CENTREX Exchange Access & Usage~~
8. ~~Billing & Collecting (DNP, ANI, & Recording)~~
9. ~~Directory Assistance~~
10. ~~Maintenance Visit (Trouble Isolation)~~
11. ~~"Single" Private Line & Special Access (Excluding Digital Data Service)¹~~
12. ~~Operator Service—Emergency & Troubles~~
13. ~~Intercept (Standard)~~
14. ~~White Pages Listing~~
15. ~~List Service~~
16. ~~Number Screening~~
17. ~~FX Service~~
18. ~~Public and Semi Public Telephone Service~~
19. ~~IXC Coinless Telephone Service~~
20. ~~Four Wire Service Terminating Arrangements~~
21. ~~Concentrator—Identifier Equipment~~
22. ~~Emergency Number "911" Service~~
23. ~~Public Data Network~~
24. ~~Direct Inward Dialing~~
25. ~~Extended Area Calling~~
26. ~~Hunting Arrangements~~
27. ~~PBX Night, Sunday, Etc., Arrangements~~
28. ~~Split Supervisor Drops~~
29. ~~Identified Outward Dialing~~
30. ~~Dial Tone Line 800 Service⁶~~
31. ~~Switched 56 Kilobit Service~~
32. ~~Line Status Verification~~
33. ~~Shared Tenant Service~~
34. ~~Enhanced Business Service Access^{3,4}~~
35. ~~Enhanced Business Service Features⁴~~
36. ~~Service Performance Guarantee⁶~~
37. ~~Directory Connect Plus⁵~~
38. ~~Automatic Line Service⁴~~
39. ~~Home Business Service¹~~

¹C&P

²Centel

³United

⁴GTE VA

⁵GTE South

⁶May be offered by an LEC under a different name

~~20 VAC 5-400-110. Investigation of the resale or sharing of intrastate Wide Area Telephone Service ("WATS").~~

~~On May 2, 1983, Hearing Examiner Stewart E. Farrar filed a report, which summarized the comments of the interested parties, and which made the findings and recommendations:~~

~~1. The resale or sharing of WATS by an intrastate WATS resale carrier is lawful under Virginia law.~~

~~2. WATS resellers will own, manage or control plant within the Commonwealth for the conveyance of telephone messages either directly or indirectly to or for the public and for the furnishing of telephone service, in the words of §§56-232 and 56-265.1(b) of the Code of Virginia. Such resellers therefore fit the definition of a public utility set forth in those statutes.~~

~~3. However, it does not appear, at the present time, that WATS resellers will possess any of the characteristics of natural monopolies, nor will the industry in which such firms operate have long run monopoly tendencies. On the contrary, the market is likely to be highly competitive, with low capital requirements for firms entering the business. Customers will have a wide variety of firms from which they may obtain long distance services of all types.~~

~~4. Therefore, based on currently available indications, the services provided by such firms will not be of the type intended to be subject to regulation, under the principles enunciated in Vepeo v. SCC, 219 Va. 894 (1979).~~

~~5. The Commission should retain the option of reexamining the tentative conclusions reached in paragraphs 3 and 4 above at any time, either on its own motion or that of outside parties, and should be prepared to assert its full utility regulatory authority over resale firms should those conclusions prove erroneous, for any reason, in the future.~~

~~The Hearing Examiner further recommended that the Commission enter an order consistent with his findings. No exceptions or objections to this report were filed.~~

~~On March 21, 1983, the Commission's staff filed its report with the Hearing Examiner. In reaching his conclusions concerning resale of intrastate WATS, the Hearing Examiner reviewed the Federal Communications Commission's treatment of interstate resale as well as the treatment of the subject by Virginia's sister states. He summarized the parties' comments and found there was no specific legal prohibitions against resale of WATS. The Hearing Examiner noted that entry in the resale field did not seem to entail the long run economies of scale characteristic of monopolies. Relying on the principles set forth in Virginia Electric and Power Co. v. State Corporation Commission, the Hearing Examiner concluded that although resellers seemed to fit the definition of a "public utility", the services likely to be provided by resellers would not be of the type devoted to public service and therefore not the type subject to regulation. Virginia Electric and Power Co. v. State Corporation Commission, 219 Va. 894, 902 (1979).~~

~~In Virginia Electric and Power Co. v. State Corporation Commission, the Supreme Court considered whether we could exclude Vepeco's outdoor lighting service from Vepeco's rate making structure. Id., 219 Va. 894, 896 (1979). In affirming our exclusion of Vepeco's outdoor lighting service from Vepeco's rate making structure, the Supreme Court recognized our authority to determine which duties of a public utility were public duties and subject to regulation and which were not, and implicitly recognized that only the natural monopoly aspect of Vepeco's public utility business required the benefits of regulation. See Virginia Electric and Power Co. v. State Corporation Commission, 219 Va. 894, 902 (1979). See also Commonwealth, ex rel. Nat'l Electrical Contractors Ass'n, Inc., et al. v. Vepeco, Case No. 19338, 1978 SCC 74, 80.~~

~~Applying this analysis to the structure likely to emerge in the resale industry, the Hearing Examiner has concluded that resellers would not provide services of the type intended to be subject to regulation.~~

~~Based upon the analysis and findings of the Hearing Examiner, we agree that the services provided by resellers of intrastate WATS will most probably not be the type intended to be subject to regulation, under the principles enunciated in Virginia Electric and Power Co. v. State Corporation Commission;~~

~~Accordingly,~~

~~IT IS ORDERED:~~

- ~~1. That the findings of the Hearing Examiner set out above be adopted;~~
- ~~2. That there being nothing further to be done in this case, the papers filed herein be committed to the file for ended causes.~~

~~20 VAC 5-400-120. Interim order respecting investigation of competition for intraLATA, interexchange telephone service.~~

INTERIM ORDER

~~Since the comments submitted and the oral argument presented in December 16, 1985, the Commission has continued to observe and consider long distance telecommunications developments within Virginia. These observations present a seemingly irreconcilable dilemma. While the Commission inalterably favors competition among interexchange carriers, we cannot support a form of partial competition where one participant is denied entry to a market open to all others. We refer to the MFJ's (Modification of Final Judgment) prohibition on any Bell Operating Company's (BOC's) offering interLATA (and thus interstate) service. This prohibition means that among all Virginia's exchange and interexchange telephone companies only the Chesapeake and Potomac Telephone Company of Virginia (C&P) is barred from seeking interLATA business, a restriction which impedes competition. To lend balance to this condition, there is now a clear requirement that only local companies can provide intraLATA service and only interexchange carriers can provide interLATA service in Virginia. This places C&P on the same footing as every other local company for intraLATA service. It cannot seek additional revenue from the interLATA market but its intraLATA revenues are shielded from invasion by other carriers. If however, the intraLATA market of C&P were opened to competition, its toll revenues would be exposed to severe erosion while it was denied the opportunity to replace those revenues by entering the markets of invading competitors. This hobbling of C&P while other carriers move about unfettered does not comport with our notion of a "level playing field." And~~

~~because of this impediment, our vision of full and fair competition throughout Virginia is not yet a reality.~~

~~Unfortunately, we do not anticipate an early end to the restriction imposed upon C&P. Two recent opinions from the divestiture court, U.S. v. AT&T, Civil Action No. 820192, slip opinion at p. 8 (D.D.C. January 13, 1986) and slip opinion at p. 19 (D.D.C. February 26, 1986) indicate little intention of relaxing the prohibition. While we respect the Court's concern for potentially anti-competitive behavior, we believe circumstances have changed sufficiently since 1982 to consider exchanging the flat prohibition for strong safeguards to assure a free competitive market. Safeguards appear to have worked with other telecommunications holding companies bearing a resemblance to the divested Regional Bell Holding Companies (RBHCs). A prime example of this is U.S. Sprint, the partnership between GTE Corporation and United Telecommunications, Inc. which will combine their two long distance arms, GTE Sprint Communications and U.S. Telecom, Inc.~~

~~In 1983, the U. S. Department of Justice (DOJ) challenged the acquisition and merger of Southern Pacific's "Sprint" long distance service into GTE. DOJ & GTE reached an agreement which was tendered to the U.S. District Court, District of Columbia, as a consent decree. On December 13, 1984, Judge Harold H. Greene entered his opinion approving the consent decree with some reservations, United States v. GTE Corp. 603 F. Supp. 730 (D.D.C. 1984). Judge Greene was concerned that GTE, with its 17 operating companies providing local exchange service, might show favoritism to GTE Sprint's interexchange service. GTE was comparable in size to any of the seven newly spun off RBHCs. However, due to the geographic dispersion of~~

~~the General Telephone operating companies and other factors, he did not prohibit GTE from entering the interLATA market, 603 F. Supp. 730 at 736-737.~~

~~With the formation of U. S. Sprint, the possibilities of anti competitive favoritism increase. United Telecommunications has nine operating companies providing local exchange service in 19 states. Those operating companies together with the 17 of GTE could potentially have an economic incentive to favor the inter exchange service offered by their partnership, U. S. Sprint. The combined size of United Telecommunications & GTE Corporation should exceed any of the seven Bell holding companies. It would seem that if separate subsidiaries and oversight can prevent subsidies or favoritism among these going concerns, such safeguards would be equally effective for a newly created interLATA carrier owned by any of the RBHCs.~~

~~Our concern that all telephone companies have the same marketing opportunities is consistent with the General Assembly's intent when it adopted House Bills No. 483 and 870 in 1984. As we pointed out in our June 29, 1984 Final Order in case No. PUC840017, 1984 S.C.C. 326:~~

~~The General Assembly desired to make the transition from regulated, monopoly long distance service to competitive service in a manner that was entirely fair and evenhanded, showing favoritism to neither existing carriers nor to proposed carriers. This intent is clearly evinced in the final sentence of Section 56-481.1: "The Commission is authorized to promulgate any rules necessary to implement this provision; provided that any such rules so promulgated shall be uniformly applicable to all telephone companies subject to the provisions of this section."(emphasis added) The Commission~~

~~has adhered strictly to this principle.. Thus, all carriers are free to compete on a "level playing field" with no artificial or contrived restraints or advantages.~~

~~When one carrier (C&P) is prohibited from competing in a certain (interLATA) market, this is clearly an artificial and contrived restraint that gives advantages to competing carriers. Until this restraint, is lifted by the courts, it will be impossible to have a level playing field in Virginia.~~

~~Moreover, the National Telecommunications and Information Administration asserts that the interLATA restriction can be removed or substantially modified once "equal access" is implemented by the BOCs, NTIA Special Publication 85-16, Issues in Domestic Telecommunications: Directions for National Policy (U. S. Dept. of Commerce, July, 1985) at p. 44. The MFJ requires that this be 90% complete by September 1, 1986. That goal will be easily achieved in Virginia and should present no problem throughout the rest of the nation. We agree with the NTIA that the restriction should be revisited and that BOCs should be allowed, at a minimum, to resell the interLATA services of other carriers.~~

~~We recognize Bell Atlantic, after unfavorable rulings for other RBHCs, has no present plans to petition the divestiture court for a waiver to get into the InterLATA market. However, we believe conditions in Virginia differ from other Bell Atlantic and RBHC states. The Virginia legislature and this Commission have a strong record of promoting free competition in the telecommunications industry. Mindful of this, we believe the court may look more favorably on a waiver request by C&P of Virginia standing apart from its parent, Bell Atlantic. We would support such a request, and we encourage C&P to follow through.~~

~~Perhaps with the creation of U. S. Sprint and the accounting safeguards that the F.C.C. has fashioned in Computer Inquiry III allowing A.T.&T. and the RBHCs to offer "enhanced service," there is hope that controls may be devised that will permit the RBHCs to carry interLATA traffic free of anti-competitive practices. In the meantime, the Commission believes that all Virginia local exchange companies should prepare for eventual intraLATA competition. We adopt the three phase approach urged by the Staff Position Report of December 2, 1985. Phase One, which we are maintaining, will retain the LATAs as the exclusive service territory of the LECs. During this phase, the LECs shall prepare to meet competition by reconfiguring their toll tariffs and by developing cost allocations and accounting methodologies that will assure against any cross subsidy between regulated and competitive ventures.~~

~~Phase One will also be used to further study the impact on local exchange rates that might result from transferring intraLATA revenues, expenses, and investment below the line or that might result from loss of intraLATA traffic to other carriers. The Commission is not unmindful that intraLATA revenues currently provide a contribution that offsets some of the costs of local service and helps maintain affordable local rates. Removing that contribution by loss of traffic or by transfer below the line would assert pressure for increased local rates. During Phase One we can study how significant that pressure would be and whether any local rate increase would be counterbalanced by lower intraLATA toll rates.~~

~~Phase One will continue until we are assured that the loss of intraLATA revenues will not be detrimental to rates for local service and until the RBHCs or C&P are allowed to participate in the interLATA market. Because the Commission cannot predict when these events will occur, this docket will remain open. All parties will be notified of further proceedings to determine the~~

~~end of Phase One and the beginning of Phase Two when all interexchange rates will be set competitively, intraLATA as well as interLATA.~~

~~20 VAC 5-400-130. Order relating to compensation by interLATA carriers to local exchange carriers for incidental traffic.~~

~~FINAL ORDER~~

~~This docket was instituted in 1983 for the primary purpose of considering the impact on Virginia toll service of (i) the divestiture of American Telephone and Telegraph Company and (ii) the Federal Communications Commission's decision implementing access charges in place of interstate toll settlements. While access charge tariffs may continue to change, the general principles are fairly well established and need no further investigation in this case. The only issue remaining to be determined in this docket is one introduced as a result of the Commission's Final Order and Opinion in Applications of Southern Tel. of Virginia, Inc. et al., 1984 SCC Ann. Rep. 333 (August 22, 1984). That opinion and order established an interim compensation plan for interexchange carriers who do not block intraLATA traffic. The order stated that the interim plan "... will be reviewed in the Commission's generic access charge docket Case No. PUC830020. Any LECs (local exchange carrier) or ICs (interexchange carrier) desiring to alter the plan in the future may submit appropriate motions to the Hearing Examiner in that docket.", 1984 SCC Ann. Rep. 333, 337.~~

~~Pursuant to that opinion and order, MCI Telecommunications Corporation of Virginia ("MCIT V") filed a Motion to Reexamine the plan on February 28, 1986. The Commission's Senior Hearing Examiner established a procedural schedule and conducted an evidentiary hearing September 10 and 11, 1986. Counsel appearing at the hearing were Warner F. Brundage, Jr., Esquire, and Christopher W. Savage, Esquire, for C&P Telephone Company of Virginia ("C&P"); William F. Marmon, Jr., Esquire and Hulihan W. Moore, Esquire, for MCIT V; Rita~~

~~A. Barman, Esquire, and Steven W. Pearson, Esquire, for US Sprint Communications Company—
Virginia ("US Sprint"); Roger A. Briney, Esquire and Kathryn E. Thiel, Esquire, for AT&T
Communications Corporation of Virginia ("AT&TC V"); Richard D. Gary, Esquire on behalf of
15 small local exchange companies; Anthony Gambardella, Esquire, on behalf of the Office of
the Attorney General, Division of Consumer Counsel; and Robert M. Gillespie, Esquire, on
behalf of the Commission's staff.~~

~~Briefs were filed October 24, 1986 and the Examiner issued his report March 20, 1987.
Exceptions to the Examiner's report were filed by the Division of Consumer Counsel, U S Sprint,
C&P, AT&TC V and MCIT V.~~

~~The Commission will note two corrections to the Examiner's Report. The last sentence of
the second paragraph on the first page states that access charges were originally made effective
on July 1, 1984. They were actually effective January 1, 1984. At page 13 of the Examiner's
report, the first sentence of the second paragraph states that the IC would develop its gross
intraLATA revenue per conversation minute. Rather, it is the LEC which would develop its gross
intraLATA revenue per conversation minute.~~

~~Having considered the record developed herein, the briefs, the report of the Hearing
Examiner, and the exceptions filed thereto, the Commission is of the opinion that the
recommendations and conclusion of the Examiner should be adopted.~~

~~Accordingly,~~

~~IT IS THEREFORE ORDERED:~~

~~1. That ICs may compensate LECs for incidental intraLATA traffic pursuant to
mutual settlement between the two parties;~~

~~2. In the event that a settlement of compensation cannot be agreed upon, compensation shall be paid according to the plan and formula attached hereto as Appendix A. That plan and formula encompass all incidental intraLATA traffic rather than only the traffic emanating from Feature Groups A and B. Wherever possible, actual data should be used in the plan and formula. Assumptions may be used if both parties agree; and~~

~~3. That there being nothing further to come before the Commission, this docket shall be dismissed and the record developed herein placed in the file for ended causes.~~

~~Lacy, CHAIRMAN, concurring in part and dissenting in part:~~

~~I concur with the majority in regard to the preferred method of determining compensation to be paid a local exchange company (LEC) by an interexchange carrier (IC) for unauthorized carriage of intrastate intraLATA calls. As stated by the majority, the preferred method of compensation is an amount agreed on between the local exchange company and the interexchange carrier. Although not specifically noted in the opinion, I remind the parties that such agreements must be reached on an arms length basis and are subject to Commission review if the circumstances deem such review appropriate.~~

~~I disagree with the majority regarding the configuration of the compensation formula to be used. At the present time only the LEC is authorized to carry intraLATA traffic. The compensation plan was not intended to be, nor should it be utilized as, a punitive measure for incidental intraLATA traffic carried by the IC. Rather, it should leave the LEC and IC in as nearly as possible the same position as if the unauthorized call were made over the facilities of the LEC. It is clear from the record that the development of a compensation formula which fairly represents the amounts which should be recovered by an LEC and no more can become~~

~~complicated and administratively burdensome. Certainly, administrative ease is a factor which should be considered in designing such a formula. With the option of settlement now available in addition to blocking the unauthorized traffic, it becomes more important that the compensation formula be as precise as possible.~~

~~The compensation formula will now be expanded to cover intraLATA conversation minutes carried by ICs from all sources. The primary basis for the expansion is due to intraLATA calls carried over special services such as "Vnet" and SDN (software defined network), services unavailable when the compensation plan was adopted in 1984. Whether the failure to employ technical capabilities to block intraLATA calls on the SDN or "Vnet" type of service is driven by business decision or technological impediments, is irrelevant. These special services are designed for and sold to the sophisticated business customer. Logic compels the conclusion that this type of customer, in the absence of the new special service offerings of the ICs, would at a minimum utilize the WATS offerings of the LEC to minimize their telecommunications costs. Therefore, since unauthorized intraLATA traffic handled by these special services is included in determining the number of conversation minutes for which the LEC should be compensated, the factors utilized to determine the amount of compensation which the LEC would receive had they carried the call should include revenues from the service offering which logically would be employed in the absence of the ICs special services. Therefore, in my opinion, the revenue factor identified as R in the majority's formula and the message toll service conversation minutes identified as W, should also include revenues and minutes, respectively, related to the LEC's WATS service.~~

~~Considerable attention was directed at inclusion of the LEC's avoided cost as a factor. Precision in the formula and theoretical consistency supports use of a factor recognizing the savings to the LEC realized by not incurring a cost to handle the intraLATA call. The evidence in this record was insufficient to develop an accurate avoided cost factor. Should experience indicate the need for further refinement of the formula in the future, the issue of avoided cost should be addressed.~~

~~Some of the ICs argued that the formula should include a deduction from the payment amount equal to the amount received by an LEC for billing and collection services on unauthorized intraLATA calls. While I do not believe this adjustment is appropriate, I disagree with the Hearing Examiner's basis for rejection. If the LEC had carried the call, it would have incurred a cost to bill and collect for that call. Likewise, it incurs a cost to bill and collect for the IC. Revenue to cover that cost must be received by the LEC in either event. As it is being directly recovered from the cost causer IC carrying the intraLATA call, outside the formula at present, I believe there is no need to further complicate the formula at this time. There are circumstances when the billing and collection for the unauthorized call are handled by the IC directly.~~

~~In those instances there is no revenue component to be deducted from payment and, based on the above discussion, "avoided cost" is not sufficiently developed for accurate inclusion in the formula at this time.~~

A. COMPENSATION PLAN

~~Applicability: This plan applies to unauthorized intraLATA communications traffic carried by interLATA carriers.~~

~~Unauthorized traffic is defined by the Commission's orders in Case PUC850035.~~

~~This plan is to be used in situations where the interLATA carrier(s) (ICs) and local exchange carrier(s) (LECs) do not develop mutually agreeable methods of (i) providing payment to the LEC(s) for unauthorized intraLATA traffic, or (ii) diverting the traffic to the LEC's network. This plan consists of the following steps:~~

~~METHOD:~~

~~1. Each individual IC will develop the conversation minutes of unauthorized intraLATA calling by study or analysis of monthly billing records and will restudy to update at least every three months. The method for study and analysis may be either an analysis of all billing records from the involved exchanges or by a statistical study with a minimum sample of 5.0% of the calls from involved exchanges. Where sampling is employed, the IC must present its sampling plan and technique to the Commission's Division of Economics and Finance for acceptability of confidence levels and validity.~~

~~(NOTE) The calculations in 2 through 4, below, will reflect the LEC's total Virginia Access Service to all ICs.~~

~~2. The LEC will determine the sum of: Switched Access revenue; plus, Special Access revenue from services which are capable of carrying unauthorized intraLATA communications.~~

~~3. The LEC will determine the total access minutes by adding Switched Access minutes to the estimated Special Access minutes produced by multiplying $\frac{1}{2}$ of the channel terminations, associated with Special Access services capable of carrying unauthorized intraLATA communications, times 3,200 minutes.~~

~~4. The LEC will determine the Access Charge credit for each intraLATA conversation minute by dividing the amount from 2, above, by the amount from 3, above, then multiplying by 2.177.~~

~~5. The LEC will determine the percentage of their billed intraLATA revenue which is considered uncollectible.~~

~~6. The LEC will develop a factor by dividing the amount from 1, above, by the amount from 3, above. This factor will be used for the other two months of the three month study cycle to determine the amount corresponding to 1, above. An IC may choose to determine the minutes in 1, above, every month, instead of having the LEC use this factor.~~

~~7. The LEC will develop its gross intraLATA revenue per conversation minute by dividing its total customer dialed MTS revenue by the associated conversation minutes. This amount will be developed monthly.~~

~~8. The IC's monthly payment to the LEC will be developed by first subtracting 4, above, from 7, above, and reducing the resulting amount for the uncollectible amount produced by applying the percentage from 5, above; then, this adjusted per minute amount is multiplied by the minutes from 1, above, or the surrogate amount as computed by using the factor from 6, above.~~

9. ~~Subject to appropriate protective agreements for proprietary information, the LECs, through the Virginia Telephone Association, will be allowed to audit the IC's data used to derive the unauthorized minutes in 1, above, and the ICs will be allowed to audit the LEC's data used to derive the average revenue and access charges per minute of use. The Commission staff will also assume audit responsibility. The Commission's Division of Communications, with any necessary assistance from the Division of Public Utility Accounting will review the IC's and LEC's data and computations as they deem necessary. Upon request from either the ICs or LECs, specific figures or data may be reviewed and results reported by the staff. This does not preclude an IC or LEC from retaining an outside auditor to audit the others' books if agreeable to the owner of the applicable data.~~

10. ~~The LECs shall not be required to place the compensation plan in their tariffs.~~

COMPENSATION PLAN

Formula For Payment Determination

Definitions

Let:

U = ~~unauthorized intraLATA conversation minutes from all sources~~

S = ~~intrastate Switched Access revenues~~

A = ~~intrastate Special Access revenues from services capable of carrying unauthorized intraLATA traffic~~

M = ~~intrastate Switched Access minutes~~

R = ~~revenues from intraLATA, intrastate message toll service~~

W = ~~intraLATA, intrastate message toll service conversation minutes~~

~~N = ratio of uncollectible intraLATA revenues to gross intraLATA revenues~~

~~T = number of Special Access channel terminations of services capable of carrying unauthorized intraLATA traffic~~

~~Access Charge Credit (E)~~

$$~~E = 2.177 [(S+A) \div (M+(T/2) (3200))]~~$$

~~Payment Amount (P)~~

$$~~P = U [(R \div W) E] (1 - N)~~$$

~~20 VAC 5-400-140. Investigation of the resale or sharing of foreign exchange and dedicated channel services.~~

~~FINAL ORDER~~

~~On March 8, 1985, the Commission initiated this proceeding by issuing its Order of Publication of Proposed Investigation. The object was to determine whether resellers of interexchange telecommunications service using dedicated channels should be treated differently from those persons reselling or sharing intrastate Wide Area Telephone Service (WATS).~~

~~On April 19, 1985, William Irby of the Commission's staff filed a report pointing out a number of problems that might affect the status of both facility based carriers and resellers. In light of that, the Commission entered its Order Expanding Investigation on June 21, 1985, and invited the parties to respond to any or all of seven issues listed in the order.~~

~~Because that order of June 21 did not receive distribution to all parties, an order was entered September 4, 1985, inviting additional comments on the seven issues and a staff reply to those comments. Responses were duly received from 11 interested parties. On November 8, 1985, Senior Utility Specialist Larry J. Cody filed a report that summarized the comments and offered an analysis of each of the seven issues. In addition, Mr. Cody proposed two rules for interexchange resale carriers. This docket has been inactive since the filing of that report.~~

~~The Commission has held this docket open to continue to assess the economic forces affecting the resale of interexchange services. The advent of strong competition between the major facility based interexchange carriers has affected the market niche filled by resellers. Resellers were able to flourish when there was a large disparity between bulk priced services such as private lines and WATS and the retail priced Message Telephone Service (MTS).~~

~~Resellers were able to purchase large blocks of bulk services from certificated interexchange carriers and then re-offer them to firms at a price that was considerably less than those firms would pay for MTS from the large carriers.~~

~~Now, however, the large certificated interexchange carriers are repricing their services to attract the small and middle sized firms that had served as the customers of resellers. The price disparity between bulk priced dedicated channels or WATS type services and MTS has narrowed. Moreover, resellers have had to subscribe to service under the access service tariffs of local exchange carriers so that their costs of doing business have increased. The resulting squeeze between rising costs and declining prices has hurt the profitability of resellers. Consequently, many small resale firms have merged or have been bought out by larger companies. Only by obtaining economies of scope and scale can resellers hope to retain their market niche and show profitability. One consequence of the shrinking and consolidation of the resale market has been a lessening of the need for the Commission to address inequities that in 1985 appeared to favor resellers to the disadvantage of certificated facility based carriers.~~

~~The Commission is now of the opinion that it need not impose any additional rules or regulations upon interexchange resellers. Resellers of WATS should continue to operate in the manner authorized by our Final Order in Case No. PUC830005, entered June 7, 1983, that is, they will not be subject to Commission regulation and will not be required to obtain certificates of public convenience and necessity. Resellers making use of dedicated channels should enjoy the same status as WATS resellers. The bulk of interexchange services will be provided by the facility based certificated interexchange carriers. Resellers that have the ingenuity and efficiency to cultivate a market niche will serve the public interest by promoting the wide spread use of~~

~~economically priced telecommunications services. That service will complement rather than impede the services offered by the certificated interexchange carriers. The public will also benefit from the enhanced services and pricing alternatives that resellers can offer.~~

~~The Commission appreciates the comments filed by each party in this docket. Those comments and the two reports filed by the Commission staff provided many economic insights that the Commission has used in evaluating the development of the resale market.~~

~~While the Commission does not desire to continue to retain this as an open docket, it will not hesitate to institute a new proceeding upon the complaint of any person that resellers are acting contrary to the Code of Virginia or contrary to public interest. Accordingly,~~

~~IT IS THEREFORE ORDERED that this docket be closed and the record developed herein be placed in the file for ended causes.~~

~~20 VAC 5-400-150. Investigation of deregulation of telephone company billing and collection services.~~

INTERIM ORDER

~~By order entered April 17, 1987, the Commission invited comments from Virginia's local exchange carriers ("LECs"), interexchange carriers ("IXCs") and the public concerning possible deregulation of telephone company billing and collection services. Comments were filed by interested parties on or before May 15, 1987 and a report was submitted by the Division of Communications June 26, 1987. An order inviting responses was entered September 29, 1987, instructing any party that desired a hearing to request same on or before October 12, 1987. The only response to that order was filed by the Chesapeake & Potomac Telephone Company of Virginia (C&P) asking that the Commission either issue an interim order setting forth its tentative resolution of the issues or provide an opportunity for additional pleadings replying to the comments of other parties and to the Staff's report. Having considered that request, the Commission is of the opinion that it should do both, announcing its tentative conclusions in this order and allowing the parties additional time for replies. Accordingly,~~

~~IT IS THEREFORE ORDERED THAT:~~

~~A.——Until further Order of the Commission:~~

- ~~1.——Billing and collection service shall remain a regulated activity;~~
- ~~2.——LECs shall continue to file tariffs for their billing and collection services,~~
~~even though the tariffs may represent individually negotiated billing and collection agreements~~
~~with IXCs;~~

~~3.B. All parties herein may respond to these interim findings and conclusions as well as to comments of other parties and to the staff report on or before February 22, 1988.~~

~~20 VAC 5-400-151. Disconnection of local exchange telephone service.~~

CHAPTER 413.

RULES GOVERNING DISCONNECTION OF LOCAL EXCHANGE TELEPHONE SERVICE.

20 VAC 5-413-10. Disconnection for failure to pay.

~~A.~~—A Local Exchange ~~Company~~ Carrier ("LEC") may terminate local exchange service only for a customer's failure to pay for noncompetitive services billed on behalf of the LEC when the **local exchange** services are in tariffs on file with the ~~Virginia~~-State Corporation Commission and there is no bona fide dispute concerning ~~such the~~ services. ~~[After intraLATA dialing parity has been implemented, a—A]~~ LEC may not terminate local exchange service for a customer's failure to pay for the LEC's intraLATA toll services.

20 VAC 5-413-20. Notice.

BA. LECs shall indicate on customers' monthly bills either those items for which service may be terminated or those items for which service may not be terminated for failure to pay and shall include an explanation, by footnote or otherwise, that local telephone service may not be terminated for failure to pay for certain services.

B. The form of this notification must receive prior approval from the commission's Division of Communications.

C. LEC White Pages telephone directories ~~published more than 60 days after the date of the order adopting this section~~ shall include an explanation of the services for which local exchange service may be terminated for failure to pay.

20 VAC 5-413-30. Access to other interexchange carriers.

~~D.~~—A LEC billing on behalf of an interexchange carrier may, together with the interexchange carrier, block a customer's access to the interexchange carrier when the toll charges of the interexchange carrier have not been paid by that customer; but the LEC may not block that customer's access to other interexchange carriers for such nonpayment.

20 VAC 5-413-40. Payment credit.

~~E.~~—Customer payments that are less than the total bill balance shall be credited first to any noncompetitive tariffed services, with any remainder credited to any other charges on the bill.

~~20 VAC 5-400-160. Rulemaking concerning treatment of telephone company simple inside wiring.~~

~~INTERIM ORDER~~

~~On October 21, 1986, the Virginia Telephone Association (VTA) on behalf of Virginia local exchange companies (LECs) filed an application asking the Commission to initiate a generic investigation concerning the deregulation of simple inside wiring, the maintenance of all inside wiring, and the future ownership of inside wiring once it has been expensed or fully amortized. On November 12, 1986, the Commission entered an order initiating the requested rulemaking and inviting comments. Nine of Virginia's 20 LECs submitted comments. On September 4, 1987, the Commission's Division of Communications submitted its report recommending a three phase approach to the ultimate deregulation of inside wiring.~~

~~The Commission agrees with the staff's recommendation that Phase I be implemented. This is an appropriate first step in light of the uncertainty surrounding the Federal Communications Commission's (FCC) Memorandum Opinion and Order in Case No. CC79-105 released November 21, 1986 and the appeals that were taken from that order to the District of Columbia Circuit Court of Appeals, NARUC, et al. v. FCC et al. Case No. 86-1678 (and consolidated cases 880 F2d. 422 (1989)). Regardless of the outcome of the FCC's reconsideration of its preemption Memorandum Opinion and Order or the appeals taken from it, all Virginia LECs should unbundle inside wire maintenance from their basic monthly access rates. Accordingly,~~

~~IT IS THEREFORE ORDERED:~~

~~1. That on or before June 30, 1988, all Virginia LECs who have not done so file tariff revisions for Commission staff consideration to establish an optional inside wire monthly maintenance charge. The minimum charge shall be no lower than the Company's estimated inside wire maintenance cost, and the maximum charge can be established at a level deemed appropriate by the Company. In order that the unbundling be accomplished without effecting a rate increase to subscribers, monthly local exchange rates shall be reduced by the amount the Company has set for its monthly inside wire maintenance charge. If a company elects to decrease monthly rates by an amount less than the wire maintenance charge, rate increase procedures must be followed.~~

~~2. That Central Telephone Company of Virginia, GTE South, and United Inter-Mountain Telephone submit to the staff cost data to support the tariff revisions required by one above. This cost data should contain as a minimum the total company (unseparated) embedded fully distributed 1987 costs using Separations Manual allocation techniques, broken down into the most detailed level of account or subaccount maintained by the Company.~~

~~3. That the small companies who have not unbundled wire maintenance submit to the staff 1987 cost data based on their estimated percent of total repairs of station equipment expense attributable to inside wire maintenance expense, together with reasonable allocations of overhead expense and supporting investment costs.~~

~~4. That each company file with the tariff revisions its intended notification to subscribers of the availability and cost of optional inside wire maintenance, and provide a ballot on which the subscriber can indicate that (i) he or she desires to subscribe to the company's inside wire maintenance program and pay the applicable price or that (ii) he or she chooses not to~~

~~subscribe and will assume the risk of providing his or her own inside wire maintenance. The Company shall show inside wire maintenance charges as a separate line item on the monthly bills of those subscribers opting for the service; and~~

~~5. The companies may proceed with implementation upon staff notification.~~

~~6. That the Commission shall enter further orders advising LECs and other interested parties of developments from the federal appeal and further proceedings necessary to implement additional phases leading to ultimate regulatory treatment of inside wire maintenance.~~

~~20 VAC 5-400-170. In the matter of implementing dual party relay service pursuant to Article 5 (§ 56-484.4 et seq.) of Chapter 15 of Title 56 of the Code of Virginia.~~

~~INITIAL ORDER~~

~~The 1990 Session of the Virginia General Assembly enacted statutes providing for the establishment of a dual party relay service in Virginia. Those statutes have been codified as Article 5 (§ 56-484.4 et seq.) of Chapter 15 of Title 56 of the Code of Virginia. The Commission has opened this docket to address~~

CHAPTER 415.

RULES GOVERNING TELECOMMUNICATIONS RELAY SERVICE.

~~20 VAC 5-415-10. Applicability.~~

~~This chapter applies to the assessment, collection, and disbursements of the rate surcharges authorized by § 56-484.6 of the Code of Virginia. Accordingly,~~

~~IT IS THEREFORE ORDERED:~~

~~1. That this matter is hereby docketed and assigned Case No. PUC900029;~~

~~20 VAC 5-[445-415]-20. Imposition and collection of surcharge.~~

~~2. That commencing A. Commencing with telephone service rendered on and after November 15, 1990 September 1, 1998, each Virginia local exchange company carrier ("LECLEC") shall impose a \$.10-16 per month surcharge on each access line or equivalent centrex access line and shall continue such-the surcharge monthly until further order of the Commission commission.~~

B. ~~[Direct distance dialed]~~ Direct-dialed long distance calls placed through the Relay Center shall receive at least a 40% ~~[day time]~~ daytime discount and at least a 60% evening, night, weekend, and holiday discount.

C. Customers shall be notified of the surcharge by a bill insert, and the surcharge shall be identified on each customer bill as the "Virginia Relay Center surcharge;."

D. Virginia LECs should place information facilitating use of the Relay Center in their published white pages directories.

~~3. — That each~~ E. Each Virginia LEC, on ~~December 15, 1990~~ October 1, 1998, and monthly thereafter, shall, pursuant to instructions from the Director of the Division of Public Service Taxation, pay over to the ~~Commission's~~ commission's Division of Public Service Taxation the funds collected from the surcharge, less a ~~32.0%~~ 32.0% commission as authorized by § 56-484.6 B of the Code of Virginia;.

~~4. — That the~~ F. The ~~Commission~~ commission shall make payments to the provider of the relay service pursuant to the terms and conditions of the provider's contract and shall make any other payments necessary to operate the Relay Center;.

~~5. — That, beginning~~ G. Beginning in January, 1991, the ~~Commission's~~ commission's Division of Communications shall monitor the monthly expenses associated with providing ~~dual-party telecommunications~~ relay service to assure that the revenue received from the LECs is sufficient to cover the costs of the service;.

~~6. — Direct distance dialed calls placed through the Relay Center shall receive at least a 40% daytime discount and at least a 60% evening, night, weekend, and holiday discount;~~

~~7. Virginia LECs should place information facilitating use of the Relay Center in their next published white pages directories; and~~

~~8. That this matter is continued generally and this docket shall remain open to address any additional concerns in the operation of the dual party relay service.~~

~~20 VAC 5-400-190. Virginia State Corporation Commission Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, 47 USC §§ 251 and 252.~~

~~A. Preliminary matters.~~

CHAPTER 419.

PROCEDURAL RULES FOR IMPLEMENTING §§ 251 AND 252 OF THE TELECOMMUNICATIONS ACT OF 1996, 47 USC §§ 251 AND 252.

20 VAC 5-419-10. General procedure.

~~1A.~~ Any reference in ~~these procedural rules~~ ~~this chapter~~ to "interested parties" shall initially refer to the service list attached to the Order Prescribing Notice and Inviting Comments entered in ~~this case~~, ~~Case No.~~ PUC960059. Any other person who wishes to be included on this service list as an "interested party" under this ~~section~~ ~~chapter~~ may file such a request with the Clerk of the State Corporation Commission (~~"commission"~~). A master list shall be kept by the ~~Clerk of the Commission~~ ~~clerk~~ and shall be updated as necessary. ~~Any A~~ reference in this ~~section~~ ~~chapter~~ to service upon interested parties shall ~~subsequently~~ mean service on all parties included on this master service list as updated by the ~~Clerk's Office~~ ~~clerk's office~~, unless this service list has been modified in accordance with ~~subdivisions B3, C5, and D3 of this section~~ ~~this chapter~~. Any reference in this ~~section~~ ~~chapter~~ to a person shall include a person or an entity.

~~2B.~~ ~~Any An~~ arbitration request which has issues resolved through negotiations, but not filed as a separate agreement, will be considered as one proceeding through the arbitration procedure set out in ~~subsection C of this section~~ ~~20 VAC 5-419-30~~. The resolved portions of the agreement shall be reviewed under 47 USC § 252(e)(2)(A), and arbitrated portions of the agreement shall be reviewed under 47 USC § 252(e)(2)(B). ~~Any A~~ arbitration request having

issues resolved through negotiations and filed as a separate agreement will be considered as two proceedings. The separate negotiated agreement shall be considered under ~~subsection B of this section~~ 20 VAC 5-419-20, and any unresolved issues will be considered under ~~subsection C of this section~~ 20 VAC 5-419-30.

~~3C.~~ The commission may deviate from the provisions of this ~~section~~ chapter as it deems necessary to fulfill its obligations under 47 USC §§ 251 and 252.

~~4D.~~ The filing of an arbitration request shall not preclude the parties from continuing negotiations on unresolved issues. Those issues that are resolved after an arbitration request has been filed with the commission shall be considered negotiated provisions, subject to appropriate notice requirements under the proposed arbitration procedures.

~~5E.~~ To the extent there is conflict between this ~~section~~ chapter and the State Corporation Commission's Rules of Practice and Procedure (~~5 VAC 5-10-10 et seq.~~ 5 VAC 5-20-10 [et seq.]) (~~hereinafter referred to as "Practice and Procedure Rules"~~), this ~~section~~ chapter shall control.

~~6F.~~ No provision of this ~~section~~ chapter shall interfere with the commission's power to direct a hearing examiner to consider any issue or issues which arise during these proceedings.

~~7G.~~ The provisions of this ~~section~~ chapter [~~which~~ that] require the filing of supporting documentation or evidence shall require strict compliance. Failure to file supporting documentation or evidence as required by this ~~section~~ chapter may result in denial of the relief sought by the party failing to comply[,], or in a decision adverse to that party's position on the merits.

~~8~~H. The commission may, in its discretion, order an evidentiary hearing to address issues that arise in these proceedings or may deny a hearing request when a hearing is not necessary to resolve the issues at hand. The commission may also consolidate proceedings or common issues from two or more proceedings.

~~B.~~—20 VAC 5-419-20. Agreements arrived at through negotiation.

The following procedure shall be observed when parties who have negotiated and entered into a binding agreement for interconnection, services, or network elements under 47 USC § 252(a)(1) submit their voluntarily negotiated agreement for review by the commission under 47 USC § 252(e):

1. The parties shall file the agreement with the commission and on or before that same day shall serve a notice of filing, which describes the terms and conditions of the agreement or a copy of the negotiated agreement itself, on all interested parties and the commission staff, in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. If a person specifically requests a copy of the negotiated agreement, the parties shall promptly serve a copy of the agreement on the person making the request.

2. Within 21 days of the filing of the negotiated agreement, any person may submit comments regarding the agreement. ~~Such—These~~ comments shall include all supporting documentation. The comments shall be limited to the criteria for review under 47 USC § 252(e)(2)(A). ~~Any—A~~ request for hearing must be filed with the comments. Absent a showing of good cause for a hearing, the commission may review the negotiated agreement without a hearing. Any person filing comments or a request for hearing, or both, shall, on or before the

date of filing of such comments or request, serve a copy on the parties to the negotiation and the commission staff in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. Upon the request of ~~any other~~ another person, a person shall promptly serve a copy of the comments or request for hearing, or both, on the persons making the request.

3. After the deadline for comments or requests for hearing, the service list for the case shall be limited to the parties to the negotiations, the commission staff, and any persons filing comments or requests for hearing, or both (~~hereinafter referred to as~~ "modified service list").

4. Within 35 days of the filing of the negotiated agreement, the parties to the negotiated agreement may file a response to any comments filed. ~~Such a~~ This response shall include all supporting documentation, and shall be served on the modified service list and the commission staff[,], on or before the filing date[,], in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140.

~~C. — 20 VAC 5-419-30.~~ Agreements arrived at through compulsory arbitration.

The following procedure shall be followed when a party to a negotiation petitions the commission to arbitrate [~~any~~] unresolved issues under 47 USC § 252(b):

1. Any party to a negotiation may petition ("petitioning party") the commission to arbitrate any unresolved issue in accordance with the deadlines set out in 47 USC § 252(b)(1). The arbitration request shall be filed as a petition, including all supporting documentation, and must conform with 47 USC § 252(b)(2). Along with its petition, the petitioning party shall file [~~any~~] a request for hearing along with any prefiled direct testimony and all materials it will rely

on to support its case at the hearing, including all evidence it intends to present. In its petition, the petitioning party shall certify its compliance with the duty to negotiate in good faith provision of 47 USC § 251(c)(1). In addition to its obligation to serve a copy of the petition on the other party or parties to the negotiation, the petitioning party shall serve a notice of filing which describes the contents of the arbitration petition or a copy of the petition itself on all interested parties and the commission staff, on or before the same day it is filed with the commission, in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. If a person specifically requests a copy of the petition, the petitioning party shall promptly serve a copy of the petition on the person making the request.

2. Within 25 days after the petition requesting arbitration is filed with the commission, the nonpetitioning party to the negotiation ("responding party") may file a response and ~~any~~ additional information as provided under 47 USC § 252(b)(3). In addition, with its response, if a request for hearing was filed by the petitioning party, the responding party shall file any prefiled direct testimony and all materials it will rely on to support its case at the hearing, including all evidence it intends to present. If no request for hearing was filed by the petitioning party, the responding party may file, with its response, a request for hearing along with any prefiled direct testimony and all materials it will rely on to support its case at the hearing, including all evidence it intends to present. The response shall include ~~any~~ supporting documentation and shall be served on the petitioning party and commission staff, and a notice of filing which describes the contents of the response or a copy of the response itself shall be served on all interested parties, on or before the date the response is filed with the commission, in accordance ~~with Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. If a

person specifically requests a copy of the response, the responding party shall promptly serve a copy of the response on the person making the request. If no timely request for hearing is received, the commission may arbitrate the unresolved issues and review the resolved issues without a hearing.

3. Comments on the petition and response may be filed no more than 45 days after the petition is filed with the commission. Comments relating to unresolved issues in the petition shall be limited to the standards for reviewing arbitrated agreements under 47 USC § 252(c) and 47 USC § 252(e)(2)(B). Comments relating to the issues resolved in the negotiation which is the subject of the arbitration petition shall be limited to the standards for reviewing negotiated agreements under 47 USC § 252(e)(2)(A). Comments shall include all supporting documentation.

4. If a hearing request has been filed by either the petitioning or the responding party, ~~any~~^a person wishing to participate in the hearing shall file, by the deadline for filing comments, a notice of participation which shall contain (i) a precise statement of the party's interest in the proceeding; (ii) a full and clear statement of the facts which the interested party is prepared to prove by competent evidence, the proof of which will warrant the relief sought; and (iii) a statement of the specific relief sought and legal basis therefor. Along with the notice of participation, the person wishing to participate in the hearing shall also file all supporting documentation, including testimony and evidence it will rely on to support its position at the hearing. ~~Any~~^A person filing comments or a notice of participation, or both, shall, on or before the day of the filing, serve a copy on the petitioning and responding parties and the commission staff in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140.

Upon the request of ~~any other~~ another person, a person filing comments or a notice of participation, or both, shall promptly serve a copy of the comments or notice on the person making the request. In addition, if the responding party filed a hearing request, the petitioning party's prefiled direct testimony, if any, and all materials it will rely on to support its case at the hearing, including all evidence it intends to present, shall be filed and served on the responding party and the commission staff by the deadline for filing comments by persons.

5. After the deadline for comments or notices of participation, the service list for the case shall be the modified service list, limited to the parties to the arbitration petition, the commission staff[,] and any persons filing comments or notices of participation, or both.

6. Nine months or sooner after the request for interconnection, services, or network elements was received by the incumbent local exchange ~~company~~ carrier, the commission shall issue its decision resolving the unresolved issues. In its order, the commission shall provide a deadline for the parties to the negotiation to provide the commission with a formalized agreement.

7. The parties shall submit the formalized agreement as an agreement adopted by arbitration for commission review under 47 USC § 252(e), in compliance with the deadlines set by the commission. On or before submission of the formalized agreement, the parties will serve a copy of the agreement on the parties on the modified service list, and the commission staff[,] in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140.

8. Within 10 days after the formalized agreement is filed with the commission, any person may file comments on the agreement. Such comments shall be limited to the grounds for rejection as listed in 47 USC § 252(e)(2) and shall include all supporting documentation.

Simultaneously with their filing, comments shall be served on the parties to the agreement and the commission staff by next day delivery[;] and to the parties on the modified service list[;] in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140.

9. Within 15 days after the formalized agreement is filed with the commission, ~~any-a~~ party to the agreement may file reply comments in direct response to ~~any~~-comments filed under subdivision 7 of this subsection. Such reply shall include all supporting documentation, and shall be served on the modified service list and the commission staff[;] on or before the filing date[;] in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140.

~~D.~~—20 VAC 5-419-40. Statement of generally available terms.

The following procedure shall be followed when a Bell Operating Company ("BOC") files a statement of generally available terms and conditions:

1. The BOC shall, on or before the day the statement is filed with the Clerk of the Commission, serve a notice of filing which generally describes the terms and conditions of the statement or a copy of the statement itself on all interested parties in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. If a person specifically requests a copy of the statement, the BOC shall promptly serve a copy of the statement on the person making the request. The BOC shall, on or before the date of filing, serve a copy of the statement on the commission staff in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. The filing shall include a detailed explanation of how the statement complies with 47 USC § 252(d) and 47 USC § 251 and the regulations thereunder[;] and shall include all supporting documentation.

2. Comments may be filed within 21 days of the filing of the statement. Comments shall be limited to whether the statement complies with 47 USC § 252(d) and 47 USC § 251 and the regulations thereunder[⁷] and shall include all supporting documentation. Any request for hearing shall be filed with the comments. The commission will grant a hearing request only if good cause is shown. Comments or requests for hearing, or both, shall, on or before the date of filing, be served upon the BOC and the commission staff in accordance with ~~Practice and Procedure Rule 5:13 (5 VAC 5-10-390)~~ 5 VAC 5-20-140. Upon the request of ~~any other~~ ~~another~~] person, a person shall promptly serve a copy of the comments or request for hearing, or both, on the person making the request.

3. After the deadline for comments or requests for hearing has passed, the service list for the case shall be the modified service list, limited to the BOC, the commission staff, and ~~an any~~ persons filing comments or requests for hearing, or both.

~~20 VAC 5-400-200. Procedural rules governing exemption from providing physical collocation pursuant to §251(c)(6) of the Telecommunications Act of 1996.~~

CHAPTER 421.

RULES GOVERNING EXEMPTION FROM PROVIDING PHYSICAL COLLOCATION
PURSUANT TO § 251(~~[E c]~~)(6) OF THE TELECOMMUNICATIONS ACT OF 1996.

20 VAC 5-421-10. Procedure; exemption request.

A. ~~1.~~ The incumbent local exchange carrier ("ILEC") shall submit an original and 15 copies of its application requesting exemption to provide physical collocation with the Clerk of the State Corporation Commission (~~commission~~), ~~c/o Document Control Center, 1300 East Main Street, P.O. Box 2118, Richmond, Virginia 23218.~~ Three copies of the floor plan required ~~in subdivision B 2 of this section~~ by 20 VAC 5-421-20 B shall be provided to the commission's Division of Communications.

~~2B.~~ The ILEC shall file an exemption request only when no physical collocation space is available at the ILEC's ~~premise~~ premises.

~~3C.~~ 1. The ILEC shall file an application requesting exemption to provide physical collocation at any ~~premise~~ premises within 30 days of a denial to a carrier of space as described in subdivision 2 of this subsection.

2. If the exhaustion of space is determined outside of a denial to a carrier, the ILEC shall file its application within 45 days of such a determination.

~~4.~~ ~~A carrier that has been denied an amount of space or a specific collocation arrangement in a premise where some physical collocation space or alternative arrangements are~~

~~still available may initiate a complaint with the commission in accordance with its Rules of Practice and Procedure (5 VAC 5-10-10 et seq.).~~

~~5D.~~ 1. The ILEC shall furnish written notice of any request for exemption of physical collocation to all certificated local exchange carriers and interexchange carriers in Virginia.

2. The ILEC shall provide a copy of the application to interested parties upon request.

3. The ILEC shall also make available any proprietary information provided under ~~subsection B of this section~~ 20 VAC 5-421-20 to interested parties in a timely manner and pursuant to a confidentiality agreement.

E. A carrier that has been denied an amount of space or a specific collocation arrangement in an ILEC's premises where some physical collocation space or alternative arrangements are still available may initiate a complaint with the commission in accordance with its Rules of Practice and Procedure (5 VAC 5-20-10 et seq.).

~~6F.~~ 1. The ILEC shall provide a tour of any ~~premise~~ premises to a carrier that has been denied collocation space or arrangement.

2. In addition, the ILEC shall schedule tours of ~~a premise~~ its premises for interested parties and commission staff once an exemption request has been filed with the commission.

3. These tours shall be provided in a timely manner; however, the ILEC may coordinate any tours between the parties in order to minimize any disruption at the ~~premise~~ premises.

~~7G.~~ 1. Any ILEC which has been granted an exemption to provide physical collocation at any ~~premise~~ premises shall file a status report yearly from the date the exemption was granted. The report shall identify any changes to the previously provided documentation required in ~~subsection B of this section~~ 20 VAC 5-421-20.

2. An ILEC shall notify the commission of any material changes that will make space available at ~~an~~ any exempt ~~premise~~ premises within 30 days of a determination that the change will occur.

20-VAC 5-421-20. Contents of exemption request.

~~B~~ ~~1A.~~ ~~Any~~ ~~A~~ request submitted by an ILEC for an exemption from physical collocation shall specifically identify the ~~premise~~ premises (including exchange, wire center, CLLI code, brief description, V&H coordinates, and address) where the exemption is requested, the expected duration of the exemption, and the criteria for which the request is being made, i.e., space limitation and/or technical reason.

~~2B.~~ The ILEC shall submit current, clearly labeled floor plans/diagrams of the ~~premise~~ premises of at least a 1/8"=1' scale which, at a minimum, identifies the following:

~~a~~1. Equipment that is in use and its function, i.e., mechanical, power, switching, transmission, etc.

~~b~~2. Equipment that is being phased out, is not in use, or is being stored.

~~e~~3. Space reserved by the ILEC for future use as of the preparation date of the floor plan/diagram.

~~(4)~~a. Within six months (imminent equipment placement).

~~(2)~~b. After six months but within two years.

~~(3)~~c. After two years.

~~d~~4. Physical collocation space.

e5. Administrative and other nonequipment space.

~~3~~C. For ~~any~~ equipment being phased out, not in use and/or stored, identified in subdivision ~~2-b-B 2~~ 2 of this subsection, the ILEC shall provide the expected retirement and removal date or dates.

4D. For ~~any~~ space reserved in subdivision ~~2-e-B 3~~ 3 of this subsection, the ILEC shall include the specific use or uses for which it is planned. In addition, for space reserved for more than two years, the ILEC shall specify the timeframes reserved and provide a detailed explanation of why alternative space (i.e., building additions, expected retirements, rearrangements) would not accommodate future space needs.

~~5~~E. For collocation space identified in subdivision ~~2-d-B 4~~ 4 of this subsection, the ILEC shall identify the amount of space utilized by each available type of collocation arrangement. In addition, the ILEC shall identify the amount of space utilized and/or reserved by each carrier.

~~6~~F. The ILEC shall submit a detailed description and analysis of ~~any~~all equipment rearrangements, administrative space relocation, and/or building expansion plans, including timelines of each project for the [~~premise~~premises] in which the exemption is requested.

~~7~~G. The ILEC shall provide a detailed description of ~~any~~ efforts or plans to avoid space exhaustion in the ~~premise~~premises for which the exemption is requested. Such description

should include the proposed timeline of ~~any such~~ these plans and estimation of the duration of the exemption.

8H. To the extent that an ILEC claims that space is unavailable due to security or access constraints, an explanation of ~~any~~ efforts the ILEC has undertaken to overcome such constraints shall be submitted.